

# BUSINESS WEEK

JAN. 24, 1948



R. J. S. Pigott: A top petroleum researcher becomes top man for automotive engineers (page 6)

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BUSINESS  
WEEK  
INDEX

# 13 DIFFERENT TRUCK ENGINES

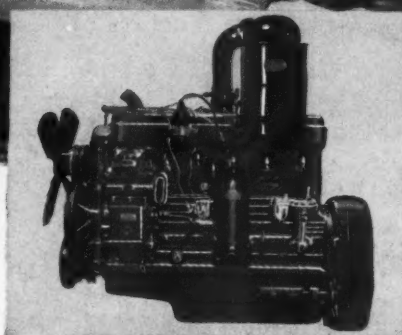
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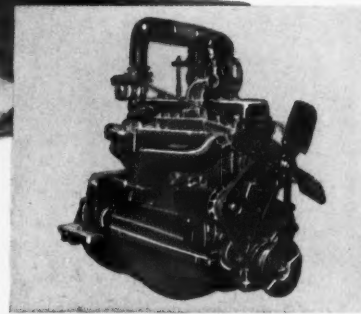
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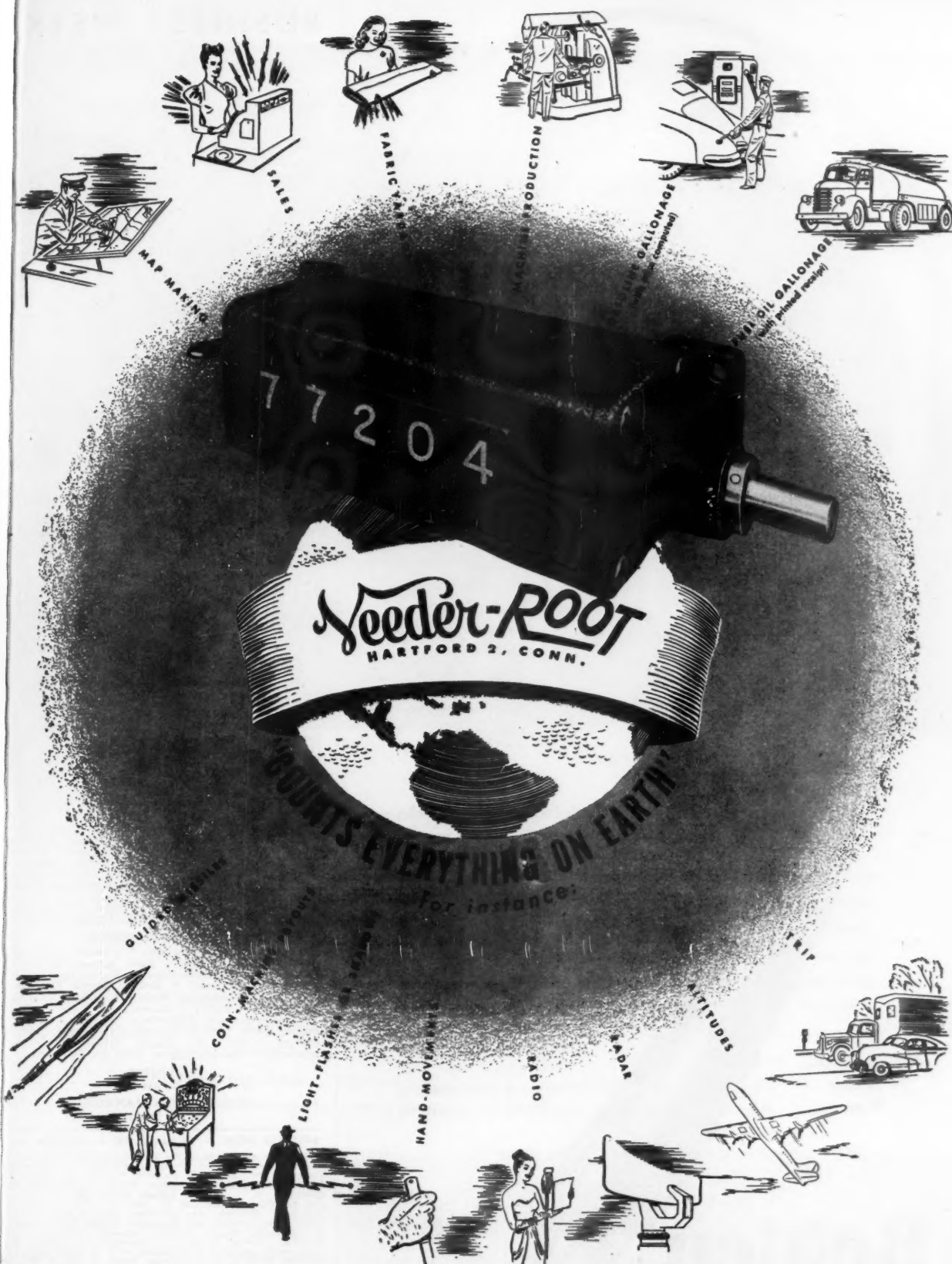
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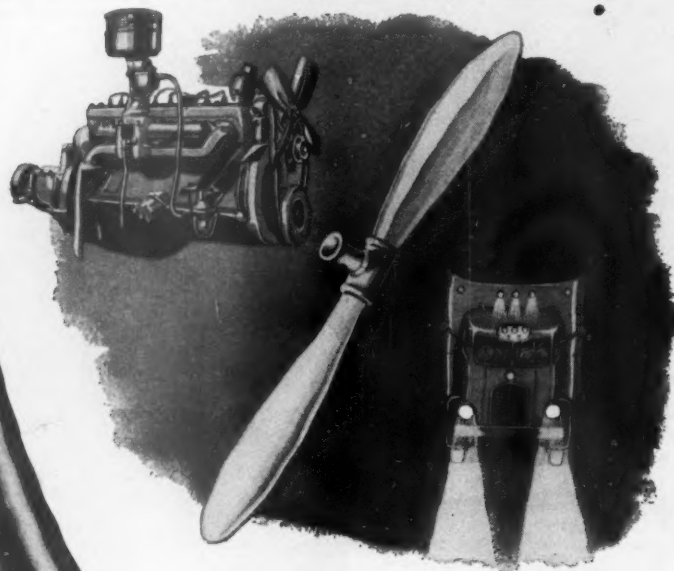
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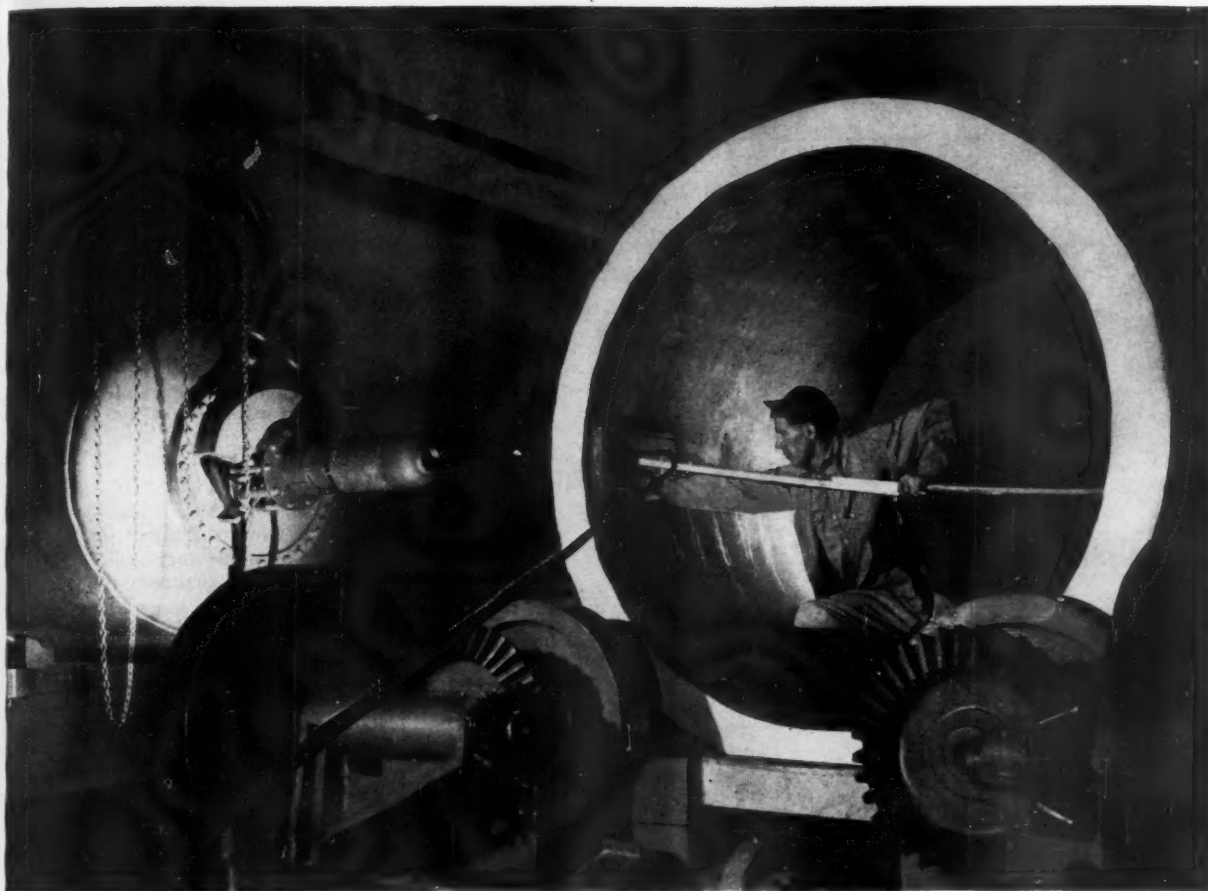
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BUSINESS WEEK • Jan. 24, 1948





## The NEW LOOK — B&W Style

The 2,000,000-volt x-ray machine shown at left in the photograph above is the newest and largest of twelve similar machines used by B&W to make certain that welded seams in heavy steel pressure vessels meet industry code specifications. Part of B&W's huge plant modernization program, it is the largest ever constructed for inspecting welds . . . eight times as powerful as the average hospital-type x-ray.

This pioneering step is further evidence of B&W's continuing search for better tools and better methods to serve industry. Long years of this kind of engineering foresight has linked B&W's name with many significant developments in widely divergent fields. For B&W has never lost the art of having new ideas . . . a good reason B&W is the right place to bring today's problem or tomorrow's plan.



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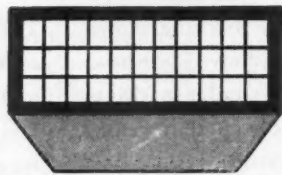
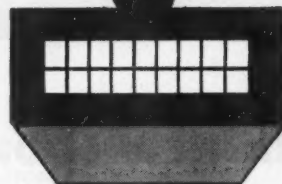
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SERVING INDUSTRY . . . WHICH SERVES MANKIND

## THE COVER

Last week's election of R. J. S. Pigott to the presidency of the Society of Automotive Engineers is full of symbolism. For Pigott is a top-flight petroleum engineer, and S.A.E. is the top professional organization in the auto industry (page 53).

Automotive progress and petroleum research are getting more interlocked every day. And the interlock works two ways: Engineers demand better fuels, lubricants, and greases, and further knowledge of their behavior; at the same time, new and significant advances in petroleum technology constantly challenge the ingenuity of automotive designers.

• **Active Member**—Automotive men are no strangers to Pigott. He has been a member of S.A.E. since 1918; has served as its vice-president for fuels and lubricants engineering, as member of its council, and as chairman of numerous committees. There has seldom been an annual meeting of the society at which Pigott hasn't presented a technical paper (this year's was an exception). Such papers were sometimes bitingly critical, often humorous, but always full of constructive information based on research experience.

Pigott has been in charge of engineering research for Gulf Oil Corp. and its subsidiaries since 1929. He has more than 30 patents on devices used in hydraulic engineering, oil production, heating, and other fields; has presented many technical papers on such subjects as fluid flow, vapor lock, lubrication, instruments, superchargers, aviation fuel.

• **Varied Experience**—Reginald James Seymour Pigott was born in Shropshire, England, came to America as a child. He got his education in New York schools, ending up with a mechanical engineering degree from Columbia University.

His abilities as an engineer stem in no small part from the diversity of his industrial experience. In addition to his 18 years in petroleum engineering research, he has spent 11 year in the design, construction, and operation of steam power stations; five years in the design and construction of industrial plants and laboratories; five years in metal products manufacture; and a year as professor of mechanical engineering at Columbia.

As president of S.A.E., it will be his job to see that the society's programs on coordinated research, standards, and recommended engineering practices stay vigorously alive. In these activities, Pigott will have the active cooperation of over 2,000 committee members of the society's 15,500 roster.

# BUSINESS OUTLOOK

## BUSINESS WEEK

JANUARY 24, 1948



Commodity prices are vulnerable to sudden shock. But even when they spill, they show a tendency to snap right back.

We had an example of that this week. Farm products broke rather sharply on Bernard Baruch's proposal to roll prices back on farmers (in exchange for a promise of longer-range government supports).

Next day, however, much of the lost ground was recovered. This just adds new evidence that the long uptrend has not yet been arrested.

Some markets don't have the resiliency of commodities—the stock market, to name one. Common stocks slumped on Baruch's proposal to restore 50% of the wartime excess-profits tax on corporations. They didn't rally.

That dip on Monday was headlined as the year's sharpest. It was—but there had been only 11 full five-hour trading days in 1948 up to then.

Price rises in steel still are spreading (BW-Jan. 17'48, p10). The big blow, though, has yet to come on hot and cold rolled sheets.

Closest thing has been the rise on coated plates and on tinplate.

And the auto industry is getting a foretaste of higher prices; steel is up about 20¢ a ton in the Motor City on a freight rate adjustment that is partly concealed by the manner in which prices are made in Detroit.

Latest gossip on the automobile industry's steel problem: Foundry products may get scarcer than flat-rolled.

That may be true—temporarily. Later on, however, two factors will tend to relieve peak demand on castings and forgings:

(1) Need for repair parts, now made at three times the prewar rate, will decline. Cars on the road will be less ancient on the average.

(2) Trucks will be lighter. Even if we make as many units in 1948 as in 1947, they will require less steel in engine blocks, crankshafts.

Steel output this week is expected to set a new postwar high above 1,730,000 tons. Yet operations, as a percent of capacity, are down.

That's a statistical phenomenon that most steel users probably understand by now. Every so often, the American Iron & Steel Institute revises its estimate of the industry's capacity.

After the war, revisions were downward as obsolete plant was retired. In 1947, however, there was a net increase of more than 1,800,000 tons. That was added onto the total this week.

Thus this week's operating rate of 96.1% of capacity means more steel ingot than did the previous week's 98.7%. (Based on revised capacity, last week's operations were 95.6% instead of 98.7%, of course.)

Wholesale grocers aren't going to have a first-quarter slump like they had last year. One reason: They didn't have the pre-Christmas boom.

Their dollar volume started down in October. Sales in November fell 4% below a year earlier—even though prices were up by almost 10%.

Retailers weren't taking any chances. They well remembered the stuff they had been stuck with after the 1946 Christmas season. They didn't propose to go out on the same limb so soon again.

So well did the retailers hold down their buying that they now want



# BUSINESS OUTLOOK (Continued)

## BUSINESS WEEK

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groceries to fill their shelves. And they are encountering a rising market.

Consumers have been splitting their retail dollars very differently from a year ago. For 1947, retail sales of durable goods are put at \$29-billion by the Dept. of Commerce, a gain of more than a third. Nondurables chalked up a volume of \$89-billion for a gain of only about one-tenth.

All retail sales in December ran 9% ahead of a year earlier—almost exactly matching the price rise for that period. But sales for the year as a whole were 18% ahead of 1946, showing a modest rise in unit volume.

Demand for U. S. cotton is running a good way behind a year ago.

Amount used at home in the first five months of the cotton season (August through December) was 3,777,169 bales, the Census Bureau reports. That is down nearly 500,000 bales from a year earlier.

Exports have fallen off even worse. They amounted to 428,381 bales in the four months ended Nov. 30 against 1,214,695 a year earlier.

Unless exports rise sharply, we will be able to supplement reserve supplies. Carryover may top 3-million bales Aug. 1, up about a million.

Uncle Sam can't seem to find any easy way to get out of the egg business. Bumps in the market the last few days probably will set him to buying again to support prices at 90% of parity.

The seasonal rise in egg production is under way. Output the next few months will about equal last year; the number of layers is little changed. There was a surplus last year—and apparently will be again.

That's why the government has discontinued sale of its frozen eggs.

Washington isn't happy. In 10 weeks of offering frozen eggs to the trade, it sold only 1,120,000 lb.; it has 61-million lb. left.

Sales of dried eggs have been only 1-million lb. but the 28-million lb. left over will go to occupied areas and as interim foreign aid.

This will give you some idea of world oil supply problems:

Estimates of U. S. average daily output needed in 1948 are 5,385,000 bbl. (BW-Dec. 13'47, p22). To date, no such rate has ever been sustained for a week, despite one record after another set last year.

On the foreign front, the spotlight is on the Near East. The magazine World Petroleum forecasts a rise from the 1947 average of 245,000 bbl. to 345,000 bbl. a day in 1948 for Saudi Arabia, and from 43,000 to 140,000 for Kuwait. These are the fastest growing fields in the world today.

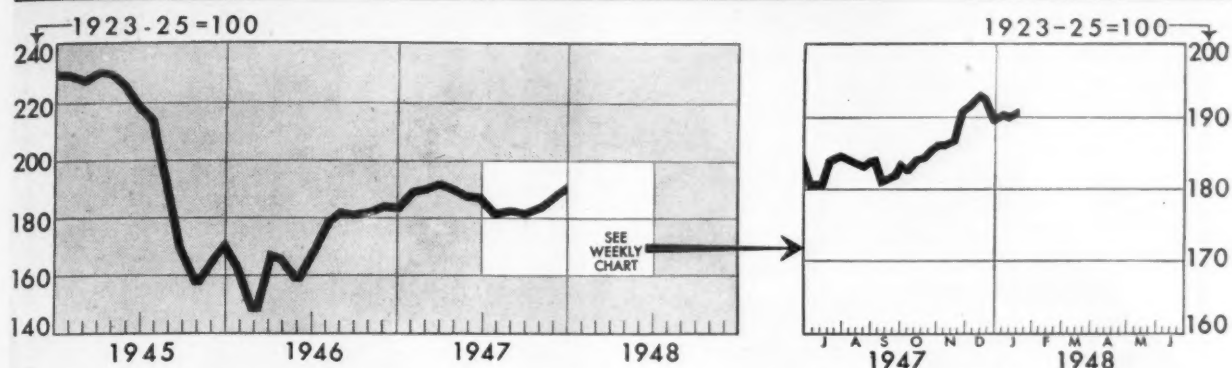
Netherlands East Indies will come back—from 14,000 bbl. a day in 1947 to 100,000 in 1948. That is expected to make the Orient just about self-sufficient, but will leave the Indies still far below prewar top.

Among scientists, it isn't the car of the future so much as it is the engine of the future and the fuel it will burn.

If you doubt that, you should have seen the number of oil company researchers at the Society of Automotive Engineers meeting last week (page 53).

There are high-compression engines. There are engines that start on and accelerate on high-octane but cruise on low-test. Some models now being tried may not be practical. But in a race like this, the oil companies can't take a chance of getting left at the post.

# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
*191.0	†190.5	192.7	190.3	162.2

### PRODUCTION

Steel ingot operations (% of capacity).....	96.1	†95.6	86.6	92.5	97.3
Production of automobiles and trucks.....	108,178	†111,276	120,657	75,166	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$14,881	\$13,042	\$21,886	\$14,629	\$19,433
Electric power output (million kilowatt-hours).....	5,370	5,278	5,368	4,857	3,130
Crude oil (daily average, 1,000 bbls.).....	5,326	5,313	5,284	4,624	3,842
Bituminous coal (daily average, 1,000 tons).....	2,282	†2,206	2,191	2,292	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	81	84	86	79	86
All other carloadings (daily average, 1,000 cars).....	57	55	56	59	52
Money in circulation (millions).....	\$28,374	\$28,658	\$28,923	\$28,518	\$9,613
Department store sales (change from same week of preceding year).....	+8%	+9%	+10%	+24%	+17%
Business failures (Dun & Bradstreet, number).....	61	87	91	51	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	452.0	454.2	457.7	373.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	285.3	285.4	295.2	263.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	422.4	422.6	415.3	304.2	146.6
Finished steel composite (Steel, ton).....	\$78.18	\$78.05	\$76.09	\$69.68	\$56.73
Scrap steel composite (Iron Age, ton).....	\$41.83	\$40.58	\$39.75	\$31.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	21.500¢	21.500¢	19.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$3.10	\$2.97	\$3.02	\$2.10	\$0.97
†Sugar (raw, delivered New York, lb.).....	5.61¢	6.07¢	6.32¢	5.85¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	35.21¢	35.67¢	35.57¢	30.85¢	13.94¢
Wool tops (New York, lb.).....	\$1.884	\$1.878	\$1.887	\$1.528	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	21.75¢	22.40¢	21.74¢	25.75¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	117.2	120.3	120.7	119.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.51%	†3.51%	3.52%	3.13%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.85%	2.84%	2.85%	2.56%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½	1½	1½	1½-1½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1½	1½	1½	1%	½-¾

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	48,963	48,620	49,160	46,830	††27,777
Total loans and investments, reporting member banks.....	65,088	65,142	65,385	64,442	††32,309
Commercial and agricultural loans, reporting member banks.....	14,689	14,645	14,619	11,437	††6,963
Securities loans, reporting member banks.....	1,449	1,541	1,870	2,347	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	37,587	37,642	37,653	41,271	††15,999
Other securities held, reporting member banks.....	4,258	4,271	4,214	3,953	††4,303
Excess reserves, all member banks.....	1,540	1,090	1,200	850	5,290
Total federal reserve credit outstanding.....	22,568	22,320	22,738	24,105	2,265

\*Preliminary, week ended January 17th.

†Ceiling fixed by government.

‡Date for "Latest Week" on each series on request.

††Estimate (B.W.—Jul.12'47,p16).

‡Revised.



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# WASHINGTON OUTLOOK



**OIL POLICY** of the United States is being reversed. Both government and the oil industry are writing off the Middle East as a long-term supplement to dwindling U. S. resources.

Synthetic oil (page 21)—from natural gas, coal, and shale—is what this country will have to rely on in wartime, military leaders are now convinced. They don't want a supply line running the length of the Mediterranean, particularly with Palestine in turmoil.

The oil industry is swinging to the same view. Last summer oil men unsold the military on promotion of synthetic. Now most of them think it has to come—even if it means government sharing in development cost.

War tension is only one reason for the shift. The other is technical. A year ago, synthetic cost 2¢ to 4¢ more per gallon. Last week Standard of New Jersey announced it can make gasoline from gas at a competitive price.

Big questions now: Who'll finance new synthetic plants? What sort of subsidy or tariff will keep synthetic on the market if price of crude comes down? (Part of the reason synthetic is now competitive is that crude prices rose faster last year than natural gas.)

Interior Dept. is working with Defense on an initial \$200-million scheme to have three 10,000-bbl.-a-day synthetic plants running by 1950. This is in addition to private plants in Texas and Kansas, due to produce 14,000 bbl. a day when completed.

Other new plants might be privately financed if government guarantees can be worked out. Or synthetic oil might join synthetic rubber as an industry with a government stake in it.

**UNIVERSAL MILITARY TRAINING** was finished off for sure by the Finletter commission report calling for a big-muscle air arm (page 28).

UMT hardly had a chance anyway this year, but proponents hoped to force a vote in Congress. Now UMT opponents seize upon the Finletter report as proof of their argument: "Modern war doesn't call for a mass land army."

Taft is hitting this line hard. He gets bipartisan support—from senators such as Colorado's Republican Milliken and Democrat Johnson. Johnson already has a bill to spend \$4-billion in two years for planes, rockets, etc.

Top military brass is soft pedaling UMT too, though for a different reason. They'll rely on higher pay to meet immediate manpower needs.

If war talk gets louder, Defense chiefs think they can get what they've really wanted all along—the draft. We don't.

Net result: Truman's \$11-billion for defense won't be cut, may be increased. But there'll be more for planes, less for battleships and foot sloggers.

**VOLUNTARY ALLOCATION** is bogging down already—but not in a way that points toward mandatory controls.

Quite the contrary: Things are moving so slowly that Congress will adjourn before any allocation program gets far enough along to test voluntary methods.

It looks now as if the G.O.P. plan—permitting antitrust-proof industry-government agreements to allocate materials—would show a few results, but hardly before summer. There's a chance then of:

- Some easing of the gasoline shortage.
- A few thousand more freight cars a month.
- A bit better farm machinery output.
- A tighter squeeze on small metal users.
- Higher prices on the steel gray market.

Involved in the program's slow start is industry uncertainty and government red tape. Administrators have too little belief in the workability of voluntary controls to feel much urgency.

Many businessmen, too, see no need for allocation, voluntary or otherwise. And nearly all are leery about the law's waiver of antitrust penalties.

Three sets of allocation programs are now in the works. First there's a food, clothing, and housing deal from which no one expects much. But after all, you have to do something for the consumer.

Agriculture thinks it might ask packers to concentrate on unfinished beef and low-weight hogs.

Also, Commerce has an idea that textile producers could agree to allot a portion of their output for production in low-end price lines.

In both cases the industries involved are completely unenthusiastic.

Oil industry thinking about joint moves to meet this winter's fuel shortage was what first

# WASHINGTON OUTLOOK (Continued)

started G.O.P. congressmen working on a law. So Krug's oil program is getting an earlier start than most.

The National Petroleum Council came up this week with definite plans. But what with hearings, approvals, and all, N.P.C. doubts anything can start in time to help this winter.

So the council is aiming its proposals at next summer's gasoline squeeze.

Industrial allocation, the third program, is the Commerce Dept.'s baby. It's still aimed at routing steel into production programs for freight cars, farm machinery, oil and utility equipment, fertilizer (BW-Jan. 3 '48, p19).

Freight cars will feel the effect first. A similar, though informal, deal by ODT has already brought production to 10,000 cars a month. Steelman wants to press now for 14,000, but Harriman fears this would cripple the other programs.

**LOOK FOR DEWEY** to follow up his hat-in-ring statement with splashy indorsement of the Marshall Plan.

His political advisers are telling him: It's the way to recoup your lost momentum in the G.O.P. presidential free-for-all.

And momentum is what Dewey men now know their candidate must build up to win at Philadelphia in June. Dewey's announcement of his availability was timed to the eve of the G.O.P. National Committee's meeting this week. It was supposed to start the ball of enthusiasm rolling; instead, committee members hardly raised an eyebrow.

Yet, as the probable leading candidate on the first ballot, Dewey must win early—or not at all. Traditionally, a first ballot favorite who doesn't go on to win quickly, loses out.

Vandenberg stands to lose most, presidentially, if Dewey comes out for Marshall's kind of ERP. Despite Vandenberg's self-elimination, he still is a strong compromise possibility; nonisolationist Republicans, for instance, would try to put Vandenberg over before they'd take Taft.

Blunt indorsement of ERP by Dewey, however, could swing at least some of this kind of anti-Taft support to Dewey.

On the Democratic side, Truman hasn't yet

picked his runningmate. And Truman is the one who will make the decision.

Personally, Truman would like to have his old Senate crony, Gov. Mon Wallgren of Washington. But Wallgren has lost some vote appeal, even in his own state.

Justice Douglas has the advantage of a pipeline direct to Truman. Clark Clifford is for him. Douglas' friends make the most of this; also, they talk Douglas as the answer to Henry Wallace.

Democratic Senate Whip Lucas of Illinois is still in the running—particularly if it should look as if his state would definitely go Republican.

And most every Democrat drools at any prospect of getting Eisenhower to run with Truman. Democrats know the G.O.P. gets first crack at the General. But as one Democrat puts it: "I hope the G.O.P. demonstrates its usual stupidity."

**APPOINTMENT TROUBLES** keep piling up for Truman.

A lot of it results from his own doings—such as his curt dismissal of CAB Chairman Landis, followed by the attempt to put an active military man in the job. You can trace more of it to the government's \$10,000 pay ceiling.

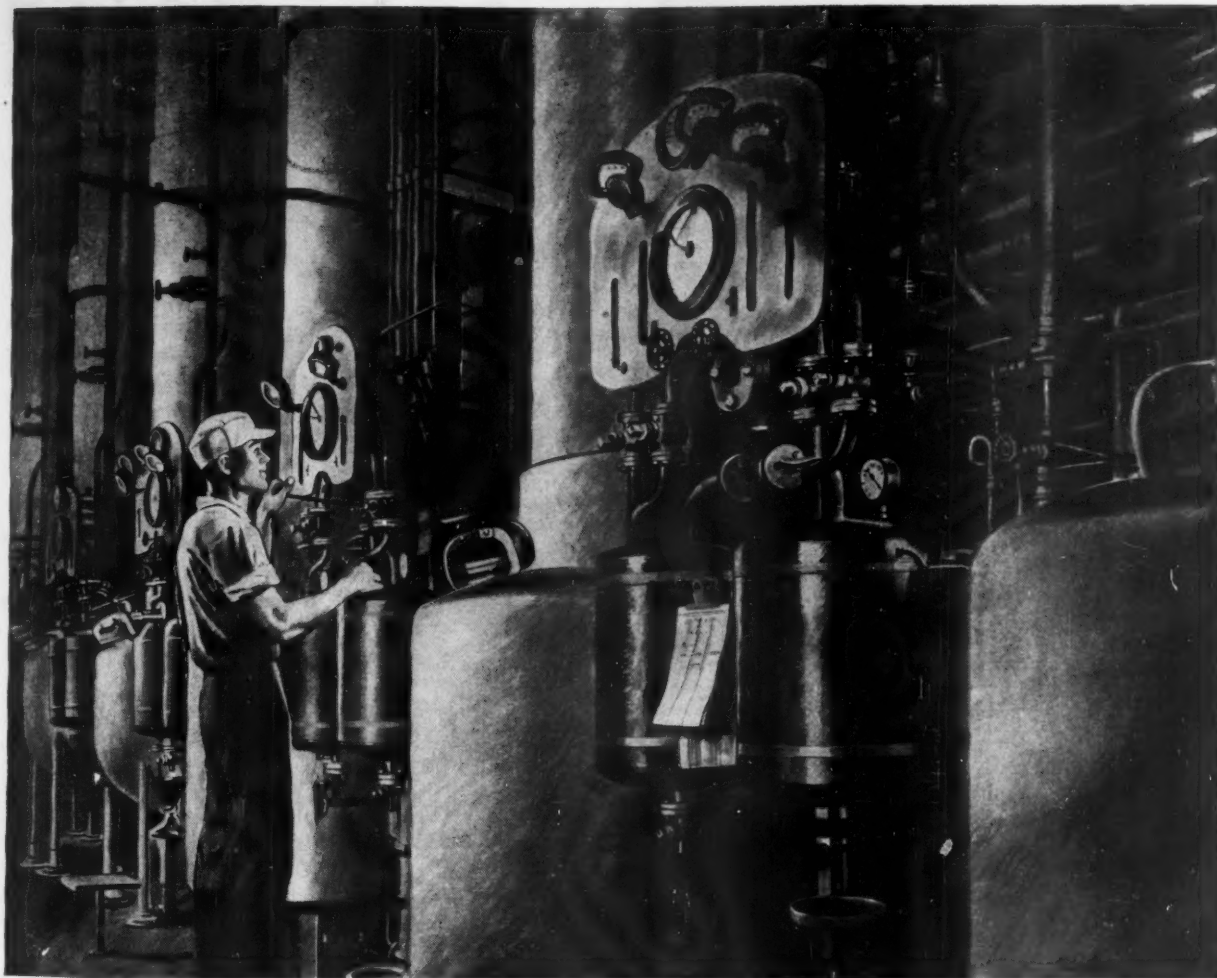
Looming new threat is a G.O.P. blockade of Senate confirmations for jobs running past next November. Ferguson is sparking this; he's angry at Truman's refusal to reappoint Michigan Republican H. T. Bodman to RFC.

Ferguson, of course, finds support from party leaders who think it wise to insure a good batch of appointments for a Republican President.

- Some 4-million tons of steel moved in the gray market last year, Commerce Dept. thinks; average premium was about \$100 a ton. . . .

- All through the dickerings for syndication rights on his memoirs (to N. Y. Herald Tribune for \$700,000), Gen. Eisenhower maintained the pose of a simple soldier unused to commerce. So negotiators were amused when he carefully arranged with Treasury for capital-gain rather than income taxation—possible for an author who sells outright instead of for royalties. . . .

- Maj. Gen. Frank Hart, one of Marine Corps' crack combat officers, has had his orders changed. Instead of becoming Assistant Corps Commandant, he takes command of the Second Division at Camp Lejeune; this is the division that sent the thousand Marines to the Mediterranean.



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For years the technical staffs of International Nickel have cooperated with equipment designers, engineers,

metallurgists, research and operations men in the chemical industry, on a wide range of metal problems. To this extent they have contributed to the continuing improvements in chemical process equipment.

Through this and comparable experience gained in technical service throughout industry, International Nickel has accumulated a fund of useful information on the selection, fabrication, treatment and performance of engineering steels, stainless steels, cast irons, copper-base and other alloys containing Nickel. This information and data are yours for the asking. Write for "List A" of available publications.



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**Western Electric**

A UNIT OF THE BELL  SYSTEM SINCE 1882



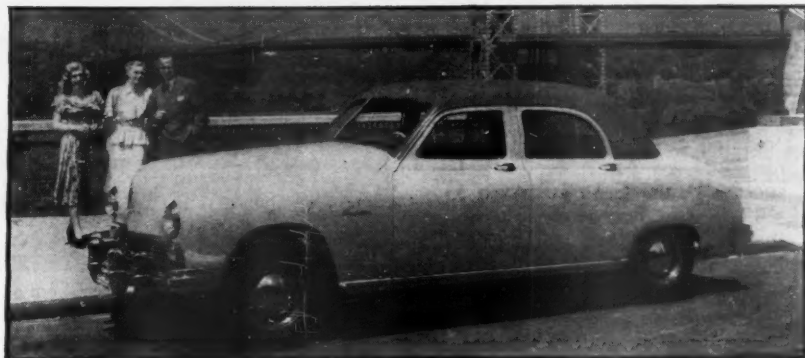
The Hudson



The Studebaker

## The Pacesetters for Cars to Come

For a preview of the New Look in 1948—and maybe 1949—view the current offerings of Hudson, Studebaker, and Kaiser-Frazer. There'll be a few design refinements, of course, but there'll be a strong resemblance. Throughout the industry, things are stirring designwise. The coming new models are strictly under wraps but those veiled shapes are definitely streamlined. The trend: lower and wider bodies, more room, a lot more glass.



The Frazer

## Competition Dictates Tomorrow's Car Styles

Auto makers plan to follow lead of Studebaker, Kaiser-Frazer in preparation for the buyers' market that's sure to come.

Competition is coming back to the automobile industry. And it's happening before its time, since supply is still a long, long way from meeting demand. The cause of it lies in the New Look in cars, a modern style set by Studebaker and Kaiser-Frazer, and now followed by Hudson.

• **Selling Point**—This week it was clear that, like any other major change in fashion, the pattern will be followed by the other carmakers. Detroit's reasoning is this: When the pipelines do fill up and cars have to be peddled again, a big selling point will be up-to-date styling. So virtually every automaker already has plans on the drawing boards or completed for new models in cars.

At the moment, there's no real need for this competition over design. Demand for almost anything with four wheels and a motor is as great as ever. Many dealers have the same number of orders on their books today that they had a year ago; a few have more.

Some agencies are quoting 1949 delivery dates on popular cars. Only along the gold fringe at the top of the industry is demand definitely starting to slacken.

• **1947 Production**—For the industry as a whole, 1947 was the third best year in its history, productionwise. Total output was just over 5-million cars and trucks. Yet the share of the business held by the Big Three—General Motors Corp., Chrysler Corp., Ford Motor Co.—slumped to its lowest level since 1932. That year they sold just a bit more than 82% of the passenger cars, a few years later climbed to about 90%. But in 1947 they slipped to approximately 85% of the retail sales (exact figures aren't available yet).

Productionwise, the Big Three's total was even lower—only about 80%. The number of cars and trucks each made in 1947: (1) General Motors, 1,925,858; (2) Ford, 1,106,824; (3) Chrysler, 1,006,000.

This sag was due in part to the in-

dustry's one new company, Kaiser-Frazer Corp. K-F, delivered about 3% of the industry's total (1947 production: 145,000). The other independents boosted their share of the market, too.

• **New Record?**—The industry's big production aim for 1948 is to break the record of 5,621,045 units it assembled in 1929. Its chances of doing it are at least 50-50—even though the manufacturing story reads the same now as it did 12 months ago. Sheet steel is the bottleneck now, as it was then. And it looks like supplies of it will be only modestly better this year.

But automen are hopeful of a big improvement in over-all supply. They figure that supplies of a proper "product mix"—the right kinds of steel at the times and in the proportions they're needed—will run about 10% to 15% better this year than last. If that increase comes through, this year's output will go to about 5,650,000—just over the 1929 record. (Most of the increase will be in passenger cars; trucks are unlikely to go over the 1,250,000 of 1947.)

• **Fight for Market**—Biggest spur to increased production is tightening com-

petition. Ford, with new models on the way, is intent on overtaking Chevrolet for the top volume spot in the industry. Buick has enlarged its capacity to the point where it is ready to challenge Plymouth for third place in sales.

Kaiser-Frazer is shooting for 300,000 assemblies this year, split between its two cars. Studebaker and Hudson, each with newly acquired steel mill subsidiaries to boost their materials supplies, figure to rocket far above average.

• **Prices: Higher**—A record production figure won't do anything to lower prices. In fact, the 1948 models cost more than their 1947 counterparts. For example, two price rises were announced last week: (1) Ford trucks to go up 5.6% over last year; (2) Willys-Overland Motors, Inc., to raise its jeep to \$1,195, f.o.b. Toledo—an increase of \$49.

There are other signs, too. Hudson's recent new car costs 11% more than last year's model. On Dec. 31, the Detroit Purchasing Agents Assn. reported that 62% of its members found prices higher in December than in November. And the United Auto Workers drive for a 30¢ pay rise (page 72) points to another bump ahead in prices.

• **Timetable on Models**—Meanwhile, the 1948 models are coming out gradually. Packard, Hudson, and Studebaker are already on the market. The 1948 Ford will get into production in June, maybe a few months later. Mercury and Lincoln will appear in March or April. Pontiac, Oldsmobile, and Cadillac will display 1948's within the next month. No 1948 Chrysler cars, as such, will be announced.

How far will the new models go toward the New Look? Some like Nash and Packard will have so few changes as to be almost identical with the '47 models; others will go all out. But those that do change will follow the prototype lines of Studebaker, Hudson, and Kaiser-Frazer.

• **Old, New Looks**—Here's how the new models are shaping up:

**General Motors.** For the company as a whole, full lines of postwar cars won't appear until 1949's go into production late this year. But there will be some changes for 1948. Buick, for example, will have the first new postwar automatic transmission. Pontiac will make the prewar Hydra-Matic automatic transmission available on its models. Cadillac and Oldsmobile will each offer one really new body model.

**Ford Motor Co.** The 1948 Ford will be completely redesigned, will probably do away with front leaf springing in favor of coils. Mercury and Lincoln will be redone from stem to stern. The Mercury will have a new body, completely distinct from the Ford; the Lincoln will have a new engine.

**Chrysler Corp.** The 1947 lines are being carried into 1948 models, with

minor under-the-hood modifications. Also, Chryslers and Plymouths will be equipped with the new low pressure balloon tires. But Chrysler has a \$60-million tooling program in the works. It will bloom into full lines of 1949 Plymouths, Dodges, DeSotos, and Chryslers sometime late this year. All will be distinguished by important body revisions.

**Kaiser-Frazer.** The same body dies it started out with are being used by the company for its 1948 models. Present plans call for no notable change at least until late this year. But another K-F. body type may come out before then.

Note that two of the Big Three are lagging behind in major design changes. And note also that they may not lag for long: They know that with both Ford and the smaller companies making drastic changes, the pressure of competition is going to increase.

## Pipe for South

Republic Steel to make large sizes in Alabama. This will go into lines to carry gas to southern industries.

To win its fight for industrial equality with the Midwest and East, the South must have cheap fuel. It has a wealth of it in its own backyard—in the form of natural gas in Louisiana and East Texas. The problem is moving it to the

industrial fires of Birmingham, Atlanta, Chattanooga, and sister cities.

• **Solution?**—Now southern industrialists think they have a solution. Republic Steel plans to start production of large-diameter steel pipe in July at its Gadsden (Ala.) plant. Last week it looked as if southern gas and oil pipeline operators would take the lion's share of it.

**Southern Natural Gas Co.,** for example, hopes to start construction this year on a new pipeline from East Texas to the Birmingham area. This would step up Southern's deliveries to both industrial and residential users in Alabama, Georgia, Mississippi, and Tennessee.

**Tennessee Gas & Transmission Co.,** another major gas supplier for the South, also hopes to expand its distribution in the Tennessee-Kentucky-West Virginia area. Both companies are counting on Republic to supply the pipe.

• **Appetite**—Lack of pipe has prevented the East and Midwest as well as the South from satisfying their own ever-growing industrial appetites for gas.

In fact, Republic's new pipe mill represents the steel industry's first major concession to the oil and gas pipeline industries. Traditionally, only a small percentage of national steel production went into carrier pipe 18 to 30 inches in diameter. Before the war, this was enough. But in the last two years demand for carrier pipe has mushroomed.

With other steel needs also booming, the industry has been reluctant to allocate more plate to pipe production (BW-Oct.18'47,p36). But in the face of general fuel shortage conditions, the needs of the oil and gas industry had to be given prime consideration.

• **Diversion**—To make the pipe Republic expects to divert 10,000 to 12,000 tons of plate each month from the output of its Gadsden plate mill. Since the plate mill also provides raw materials for the sheet mills, the entire plate production will not be diverted to the pipe mill.

Republic has made a deal with the War Assets Administration to lease a war surplus blast furnace that it formerly operated for the government at its Gadsden plant. However, this will not have any significant effect on the pipe production.

• **Pipe Producers**—Only three firms now produce large-sized pipe: A. O. Smith of Milwaukee, National Tube of Lorain, Ohio, and Consolidated Steel of Los Angeles. Among them approximately 100,000 tons of pipe are fabricated monthly. About 7,000 tons of this—most of Consolidated's output—are going to Arabia.

Reduced to its pipeline equivalent, the 100,000 tons add up to about 500 miles of pipe per month. Republic's new plant, operating at capacity, might possibly add nearly 50 miles.

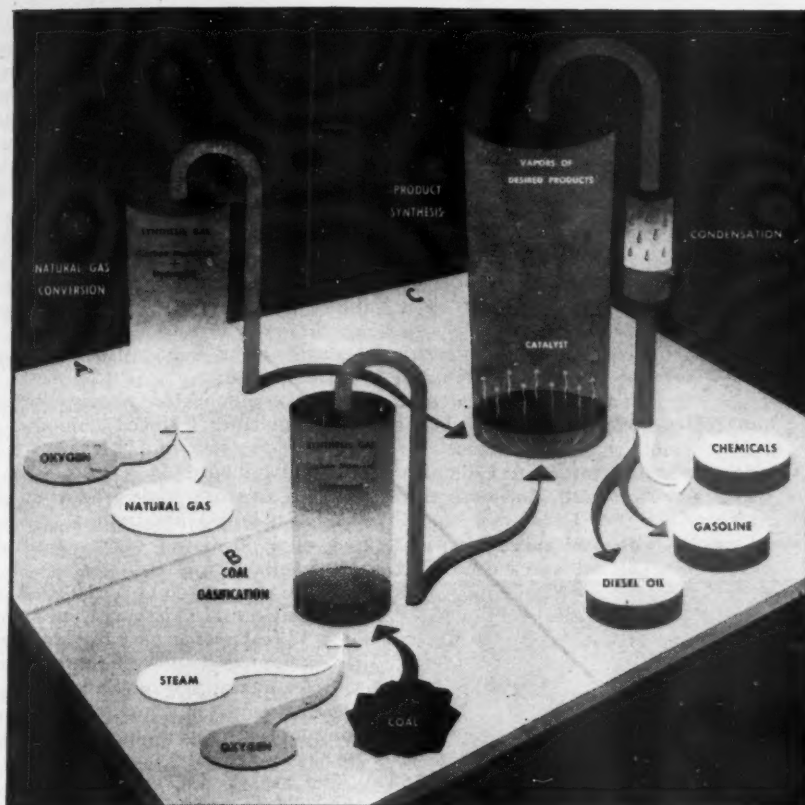


## TIME FOR SILENCE

A rivet gun can be just as much an instrument of destruction—to public relations—as a tool of construction.

So figured General Petroleum Corp. when it hung up a note of apology to its neighbors for the riveting noise on its new Los Angeles home (BW-Oct.18'47,p41). Now the company adds the final touch.





CONVERTING GAS OR COAL into petroleum products takes two steps. When natural gas is used (Block A) it is burned to produce carbon monoxide and hydrogen. When coal (or coke) is used (B) a steam and oxygen blast produces the two gases. Second step (C) converts and condenses gases into gasoline, oil, chemicals.

## Enter: Synthetic Fuel

Commercial production of gasoline and oil from natural gas is on the way. Coal can be a base, too. Stanolind and Carthage Hydrocol pioneer in a revolution of the petroleum industry.

The day of synthetic fuels in the U. S. is dawning fast. In recognition of that:

- President Truman, in his budget message, asked for an extension of the Bureau of Mines' synthetic fuel program.
- Sen. O'Mahoney this week said he will plug for early action on the President's request. O'Mahoney wants to add three years to the fuel program and double the appropriation.
- Standard Oil Development Co. (subsidiary of Standard Oil of New Jersey) last week dedicated an important new research laboratory in Baton Rouge, La. It will work with the company's pilot plants in that area; these, for some time, have been making petroleum products from natural gas and coal.
- **Two Big Steps**—Biggest of all, however, are two recent steps that barely made any headlines:

The first is taking place in the great

Hugoton gas field in southwestern Kansas. There engineers are getting set to build a multimillion dollar plant. Its purpose: to convert natural gas into synthetic gasoline and oil. Its owner: Stanolind Oil & Gas Co., which is a wholly owned subsidiary of Standard Oil of Indiana.

Nine hundred miles to the South, at the Gulf Coast city of Brownsville, Tex., another installation of the same type is well under way. This is a joint project of eight companies which have set up Carthage Hydrocol, Inc., to operate it.

• **Tangible Evidence**—These two plants make up the first tangible commercial evidences of a major revolution that is engulfing the petroleum industry. And it is a revolution that seems certain to spread, possibly within a generation or less, to the entire fuel industry—solid, as well as gaseous and liquid. Its effects will then be felt in varying degree by

every user of fuel—industrial, commercial, and domestic.

But long before that happens, the revolution will set up new patterns in great segments of the chemical industry; and thus among users of chemicals and chemical products.

This whole development is based on a new conception of the equivalence and convertibility of fuels. More barriers between solid, gaseous, and liquid fuels than ever before are being torn down by scientific knowledge.

• **Brownsville Plant**—The Brownsville plant of Carthage Hydrocol moved out of the laboratory stage two-and-a-half years ago (BW—Jul. 21 '45, p. 74). The eight participants, and their capital stock contributions: Texas Co., \$3,778,000; Forest Oil Corp. and Niagara Share Corp., \$1,259,000 apiece; United Gas Corp. and La Gloria Corp., \$1-million each; Gulf State Oil Co. and Stone & Webster, Inc., \$377,000 apiece; the Chicago Corp., \$503,000. Another \$9-million is being put up by Reconstruction Finance Corp.

Scheduled for completion in 1949, the plant is expected to cost \$19-million. (Many in the industry believe the total will run much higher.) It will eat up 50-million cu. ft. of oxygen and 90-million cu. ft. of natural gas daily. From these two "raw materials" will come some 7,000 bbl. of oil products, chiefly gasoline, and 150,000 lb. of chemicals daily.

• **Standard's Plant**—Stanolind's plant will be started within the next 60 days. Location will be either at Dodge City or Garden City, Kan. It will have a product capacity of 7,000 to 8,000 bbl. per day, plus 100-million lb. of chemicals a year. It will use 53-million cu. ft. of oxygen, some 100-million cu. ft. of gas a day. Completion is set for early 1950.

Stanolind isn't talking about the cost, but Kansas' Gov. Frank Carlson said it would run \$55-million to \$80-million. Probable reasons for the great difference in estimated cost between this plant and that at Brownsville:

- (1) It will include gas-gathering and chemical processing facilities;
- (2) It will use a lower-grade gas which is high in worthless (for this process) nitrogen, will thus probably have to handle a greater volume to get the same results as Carthage gets;

(3) Actual out-of-pocket expenses may be higher than looked for now.

• **Confidence**—Both operators are sure that they can produce synthetic gasoline and oil at prices competitive with natural. That would mean 10.5¢ to 11.5¢ a gallon for regular (73-75 octane) gasoline at the "refinery," on today's market.

Synthetic has several good breaks in this competitive price situation:

- (1) The chemical byproducts will

command a good market, thus help pay plant costs.

(2) Crude oil prices, and hence, refined product prices, have risen fully 110% and 80%, respectively, on the average, during the past two years.

(3) Based on its heating value, natural gas is underpriced in comparison with either coal or petroleum. So cost of this raw material, essential for the synthesis process, is low.

• **Cost Factor**—Over the longer range, cost trends in petroleum producing and refining will have an important bearing on the rate of growth of synthetic liquid fuel output. The cost of finding and developing new sources of crude has been rising for years. Today oil companies must spend six times as much as they did only 10 years ago for every barrel of crude added to their reserves through wildcatting. The reasons: Oil is harder to find; more wells must be drilled; they must be sunk deeper; drilling costs, like everything else, have risen.

On the other hand, a plant that makes liquid fuels from natural gas today must have more than twice as great an investment as does a petroleum refinery of similar capacity. But the process for "manufacturing" liquid fuels still is in its infancy; improved technology and experience may point the way to operating economies, and to lower capital outlays for producing plants.

Estimates on synthetic fuel costs generally have been based on natural gas selling for 5¢ per 1,000 cu. ft. But it may not be at that low price for long. Gas utilities and industries are crying for more natural gas. And it is generally agreed that they can pay more for it than they are now.

Producing states feel that gas is selling far below its fair market value, in relation to coal and oil. They believe higher prices would forestall economic waste of gas, stimulate efforts to develop more efficient use, perhaps induce gas-consuming industries to move close to the source of supply. This thinking might well result in widespread adoption of action already taken in Oklahoma. There the State Corporation Commission has set 7¢ per 1,000 cu. ft. as a minimum for gas at the well-head (BW—Dec.28'46,p18).

• **Stumbling Block?**—Higher gas prices could prove a big stumbling block to expanded production of synthetic fuels. It takes about 12,500 cu. ft. of gas to make a barrel (42 gal.) of liquid fuel. A rise of 2¢ per 1,000 cu. ft. in the price of gas would add 0.6¢ to the cost of each gallon of gasoline and oil produced.

Stanolind and Carthage say they are not concerned over the possibility of rising gas prices, but for different reasons. Stanolind will draw its gas from

fields it has under lease. It will tap some 200,000 acres. Moreover, the gas contains about 22% of noncombustible nitrogen; this makes it unsuitable for sale to gas pipelines. Carthage claims it has long-term contracts with gas producers at "good" prices.

• **Valuable Byproducts**—Chemical byproducts are an interesting and important adjunct to these two projects. The synthesis process offers a cheap source for a whole line of alcohols: methyl, ethyl, propyl, butyl, and amyl. These are used industrially as solvents for lacquers and shellacs, and for conversion to other chemical materials. Also, the byproducts will include acetic acid, propionic acid, acetone, acetaldehyde, to mention but four. Gallon for gallon, they are worth far more than gasoline.

Large quantities of these important organic chemicals will have a deep effect on the chemical industry. Prices will tend to stabilize. New fields will be opened up. New solvents, plasticizers, pharmaceuticals, plastics, and a host of other chemical products will be developed.

• **Close Tie-Up**—This probably is at the bottom of the unusual deal arranged between Stanolind and Carthage. Stanolind will buy all the chemical byproducts turned out by Carthage. It has leased an 85-acre site adjacent to the Carthage plant; there it will put up this year a chemical recovery and separation plant.

The refined, water-soluble chemicals from this plant, as well as those from Stanolind's own Hugoton facility, will be turned over to U. S. Industrial Chemicals, Inc., for marketing.

One other interesting series of byproducts comes out of this synthesis process: light, gaseous hydrocarbons such as methane, ethane, propane, and butane. These gases can be: (1) fed back into the synthesis process to help make more liquid fuels; (2) sold or used directly as gaseous fuels; (3) marketed as liquefied petroleum gases (at least in the case of propane and butane).

• **Disagreement**—Industry leaders are far from agreeing that the gas-to-gasoline synthesis, per se, will ever become a heavy factor in the nation's fuel production picture. Gist of the negative group's argument is simply this: Natural gas is a superior fuel in itself; it fulfills a very important function; why waste time and money changing it into a liquid fuel?

On the other side are those who see the day when natural gas may supply 10% to 15% of our domestic demand for gasoline. This would require the segregation of perhaps 25% to 30% of our natural gas reserves (estimated at 160-trillion cu. ft. at the start of 1947). And to that extent the process would augment our supply of crude oil.

But all groups are agreed on one thing: Present efforts will make a substantial contribution toward developing full-scale commercial production of liquid fuels from coal. Therein lies the long-time solution to the problem of the nation's liquid and gaseous fuel needs.

• **Unlimited Source**—Coal is our No. 1 mineral resource. We have the world's greatest supply, an estimated 3.18-trillion tons, ranging from anthracite through bituminous to lignite. Even at the present rate of use, there is enough in this country to last several thousand years.

Neither oil nor gas remotely approach this abundance. Proved domestic reserves at the start of 1947 were: crude oil, 20.8-billion bbl.; gas, 160-trillion cu. ft. Last year's crude production was nearly 1.9-billion bbl.; natural gas output in 1946 (latest figures available) was 5-trillion cu. ft.

Those figures don't mean that we have but an 11-year supply of crude, or a 32-year reserve of gas. More will be discovered. Crude oil imports will play an increasingly important role in meeting our gasoline and oil needs. Gas consumption is likely to double within perhaps five years.

But the gas and oil industry has to think in terms of supplies 25 or 30 years hence. Their investment in refineries, pipelines, distribution, and marketing systems requires that. So they are paying more and more attention to coal.

• **Gasification of Coal**—Standard Oil Co. (N. J.), biggest of the nation's oil concerns, is devoting nearly one-third of its research and development effort to getting liquid fuels from sources other than petroleum. This same company has joined Pittsburgh-Consolidation Coal Co., biggest in its field, in a joint study on gasification of coal (BW—Apr.5'47,p48). Improvements in this technique are an important step toward the eventual extended use of coal as a source of gas for industry. And they lead directly to the ultimate step: use of coal to make the gas which can be changed to liquid fuels.

Another effort along somewhat different lines is the gasification of unmined coal right in the ground (BW—Nov.16'46,p17). Alabama Power Co. and the U. S. Bureau of Mines are involved here. Gas so produced may someday become one prime raw material for synthetic liquid fuels.

• **Others Working, Too**—Hydrocarbon Research, Inc., organization which designed and engineered both the Stanolind and Carthage plants, also is working on the coal-to-gas-to-liquid fuels problem. Other oil companies, other research organizations, aren't talking, but it's a safe bet their laboratories are filled with similar experiments.

Standard of New Jersey is on record

with an estimate that gasoline can be made from coal at a cost of about 10¢ a gal. This figure assumes coal at \$2.50 a ton, which is low. And it does not include any return on plant investment, which would run several times that of a comparable refinery. For all that, the estimate shows that progress is being made. And it indicates how far the thinking of fuel experts has progressed along this line.

• **The Process**—On its face, the process involved in making liquid fuels appears relatively simple. Natural gas is composed of hydrocarbons—chemicals made up of hydrogen and carbon. When these are burned, they combine with oxygen.

If the combustion process is complete, the principal end product is carbon dioxide. But if the volume of oxygen is limited to half that of the natural gas, the end products are chiefly carbon monoxide and hydrogen. These two gases are combustible—and they form the “synthesis gas” for the transformation into liquid fuels.

Placed in a reactor under pressure, they will react in the presence of a catalyst (the Germans used cobalt; Americans found iron to be superior). And the reaction products are high octane gasoline, fuel oils, fuel gases, and the byproduct chemicals.

Where coal is used instead of natural gas, the same “synthesis gas” is produced. The burning coal is blasted with steam and oxygen, the molecules of all three materials re-form, and again carbon monoxide and hydrogen emerge. From here on, the process is the same as that for natural gas.

• **Long Step**—But the step from a formula to a working commercial process is a long one. Numerous problems must be solved. Oxygen will be used in quantities hitherto undreamed of. The Carthage plant alone, for example, will need more oxygen than was produced in the entire nation in 1945. Great strides have been made in developing methods for turning out “tonnage oxygen” for this purpose and for such uses as steel making (BW—Feb. 1’47, p72). But the fact remains that no plant in the country has ever yet turned out oxygen in the quantities the synthesis process requires.

Oil companies are adapting refining tricks to the synthesis process. One of these is the use of a “fluidized” solid catalyst to speed reactions, dissipate heat developed when carbon monoxide and hydrogen react. “Fluidizing” the coal has been found to be practical, too.

These ideas, and many more, still remain to be proved commercially. When they are—as they will be in time—the revolution in fuels will really begin to make itself felt on our national economy.



## War Veteran Flattop . . .

Baby aircraft carriers, built on standard C-3 freighter hulls, put in yeoman service on escort work during the war. Now they are helping to boost the lagging United States

merchant-marine fleet. Here, the Chaser, war-manned by the British Navy, heads into the docks of the Gulf Shipbuilding Co. at Mobile, Ala.



## . . . Becomes a Peacetime Freighter

After a few weeks of face-lifting operations the converted ship is ready for service in the Waterman Steamship Corp. cargo fleet under the name Aagtekerk. She has a dead-

weight tonnage of 12,626 and is able to accommodate 12 passengers. Gulf Shipbuilding hopes to convert at least one such aircraft carrier a month.

## COLUMBIA BASIN PERKS UP

Work on the multimillion-dollar Columbia River reclamation project in central Washington (BW—Nov. 8’47, p36) is picking up speed again. Contractors were rebuilding their work forces last week. They expect to be back to full activity by summer. Reason: \$13,584,000 in new federal funds—appropriated by the special session of Congress last month.

The economy drive in the regular session last spring cut reclamation funds drastically. So contractors on the Columbia Basin project began laying off workers, and shipping materials and equipment to other jobs. Employment dropped from a peak of about 2,000 in midsummer to only 800 in December.

During the congressional recess, three members of the House Appropriations Committee made a look-see swing through the Pacific Northwest. The three must have been impressed by what they saw. For, when the Budget Bureau

asked for a deficiency appropriation of \$11,725,000, the Jensen subcommittee not only agreed, but tacked on another \$1,859,000.

## PLANS NEW TOOL PLANT

Chicago Pneumatic Tool Co., maker of powered hand-tools, announced this week it will start building a \$3-million plant this spring on the outskirts of Utica, N. Y. The company wants an eastern power-tool factory comparable to its Cleveland and Detroit plants, now bursting at the seams.

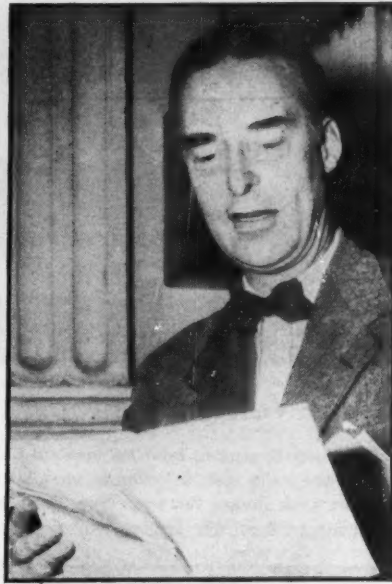
The company picked Utica, a center for textiles and metal products, because of good labor supply, nearness to raw materials and markets, good transport facilities, and low tax rates.

Chicago Pneumatic also has a factory at Franklin, Pa., which makes all its air compressors and some diesel engines, and an experimental plant at Garfield, N. J. There are other plants abroad.





Secretary George C. Marshall



Rep. Christian A. Herter

## Whose Plan for Foreign Aid?

**Marshall and Herter head opposing forces in fight for congressional O.K. of their plans. Big issue is method of control and operation. Result will be compromise.**

Some sort of foreign aid program is in the bag.

So the big questions facing congressional committees this week are: Who'll hold the strings? And how will the controlling agency work?

The battle lines are forming along two major fronts:

(1) **The Marshall Plan.** This is the Administration bill, drafted by the State Dept., introduced by House Foreign Affairs Committee Chairman Charles A. Eaton.

(2) **The Herter Plan.** This, the Marshall Plan's top rival, was introduced by Christian A. Herter, vice-chairman and guiding spirit of the House Special Committee on Foreign Aid.

Not even the scale of foreign aid is seriously in doubt. There'll be juggling of funds between this year and that, between appropriations and international credits. But in the end, the U.S. will lay on the line close to \$6.5-billion a year called for by the Administration's over-all foreign aid program.

On the big questionmarks, the arguments are made in terms of the mechanics of administration. But there's a lot more than mechanics involved; the two bills differ radically in aim, and in methods of control and operation.

• **Which Approach?**—The Marshall Plan puts political stability as a companion goal to economic stability for West European countries. Administra-

tion would be in the hands of what amounts to a special unit of the State Dept. Foreign governments would handle the aid at their end.

The Herter Plan is a strictly economic program. Object: to get the rest of the world on its feet economically—as thriftily as possible. The U.S. would be in the driver's seat, with controls left almost entirely to the administrative agency.

This week, two new voices were lifted in the arena. Sen. Robert A. Taft went along with the Harriman committee's proposal for an independent administration. But he would put the top administrator in the Cabinet, where, said Taft, he could "look at our economy as much as he is looking at the advantage that goes to foreign countries."

Elder statesman Bernard M. Baruch offered Congress still another angle. He would tie foreign aid to a broad U. S. anti-inflation drive. He urged that for five years the U. S. guarantee a ready market for nonperishable raw materials of all nations. He put his veto on State Dept. operation. To administer the program, he would have an independent federal agency of 10 members, five drawn from the Cabinet, five from the public.

• **Old Battle**—This isn't the first time the basic issue—economic vs. political-economic aid—has come to the fore. The Administration fought over the ground

last summer and fall when the Marshall Plan was evolving. It looked then as though Truman might go along with an American planning agency, a sort of WPB, to hoist Europe out of its post-war morass. But Marshall insisted that a purely economic approach would be self-defeating. He conceded that a hard-boiled, U.S.-managed program might yield more recovery per dollar of U.S. money. He felt, though, that it would spell the end of Europe's moderate cabinets. And one of his first aims was to prop these up against heavy leftist pressure.

The issue turned up again in the debate over interim aid. Here, Rep. Herter won a point. He succeeded in cutting wheat money for Italy. His reason: He had come back from Europe convinced that Italian farmers were hoarding grain and should be forced to disgorge. State Dept. didn't deny this. But Marshall was more interested in Italy's elections next April, when a tough policy toward Italian farmers could backfire at the polls.

Decisions like this one on Italy have strengthened Marshall's belief that only the State Dept. can be trusted to administer foreign aid.

Here's the way the two bills line up:

### Marshall Plan

**Control** is in the hands of what amounts to a new economic-aid division of the State Dept.—the Economic Cooperation Administration. Nominally, it would be independent. But the administrator would bow to Marshall on all questions involving foreign policy. (G.O.P. congressmen are asking: What questions wouldn't?)

**In operation,** ECA would have authority to buy and sell. But it would act primarily as a financial agency, it would make grants or arrange Export-Import Bank loans to European governments. These in turn would use the funds to do their own recovery buying—with the exception of food—mostly through normal commercial channels.

**Allocation** controls would not be under ECA. They would stay in the Commerce Dept.—which could thus establish the priority between foreign and domestic needs. The United Nations and the 16-nation Committee for European Economic Cooperation would have some say as to how American goods should be allocated among foreign countries. U.N.'s Food & Agricultural Organization would watch over food allotments; its Economic Committee for Europe (of which Russia is a member) would help to dole out coal, timber, transport equipment; subcommittees of CEEC would handle other types of goods. All these agencies would have only an advisory voice in allocations; U.S. export controllers would have the

last word. But the aim would be to follow the agencies' advice. Says Marshall: We must avoid infringing national sovereignty, "psychologically as well as legally."

## Herter Plan

Herter isn't much worried about psychological sovereignty. He's concerned with getting the U. S. taxpayer his money's worth of recovery.

He is plunking for a corporation to handle foreign aid—along the lines that Herbert Hoover and business leaders like Winthrop W. Aldrich of Chase National Bank urged (BW—Oct. 11 '47, p26). Herter would build a sort of worldwide RFC. Its name: Emergency Foreign Reconstruction Authority.

Controlling it would be a bipartisan board of directors appointed by the President, with Senate approval. It would be independent of any other executive agency. It would be almost independent of Congress. This would be because it would get its funds by selling bonds to the Treasury—up to a limit as yet unnamed. At its leisure, Congress would vote money to retire the bonds.

In operation, EFRA would buy food, fuel, fertilizer, some incentive consumer goods, and some production equipment. It would sell them to foreign nations—not necessarily just to Europe—apparently bypassing commercial channels. It would take payment either in U. S. currency, if that's available, or in strategic materials for stockpiling, or in foreign currencies.

To handle its accumulations of foreign currencies, EFRA would create subsidiary corporations in foreign countries. The subsidiaries would buy materials with their funds, or invest them in local business or in development of local natural resources. The only way the country aided could ever get rid of the alien agency within its borders would be to buy back EFRA's currency stocks for dollars.

Allocation, export, and priority controls now held by the Commerce Dept. would go to EFRA.

• **Congressional Support**—The Herter Plan has substantial backing in Congress—especially in the House. The plan meets the demand for a businesslike administration; it profits by widespread distrust of the competence of the State Dept.

Its provision for payment in critical materials appeals to some congressmen—those who aren't impressed by State's argument that the nations need to sell these materials for dollars if they are ever to balance their trade.

• **Compromise**—Neither the Herter bill nor the Administration bill will win out completely in the end. The final bill will lie somewhere between them.

## How Whisky Makers Line Up

This is the way the whisky distillers ranked on their performance in the fiscal year ended June 30, 1947—and how they shared in the total grain allotted for distillers in January, 1948. Figures for amounts bottled are in millions of wine gallons; a wine gallon is 231 cu. in. without reference to alcoholic content. Production and stocks are in millions of tax gallons; a tax gallon is a wine gallon that is 50% alcohol by volume.

Distiller	Amt. Bottled	Production	Stocks	Share in Grain Quota
Seagram .....	42.2	32.9	93.1	13.1%
Schenley .....	38.4	22.0	85.5	13.3
National .....	26.9	16.3	59.2	9.5
H. Walker .....	16.6	8.0	35.7	7.0
Publicker .....	9.9	16.4	50.2	14.0
Others .....	32.3	72.4	141.1	43.1
Total .....	166.2	168.0	464.8	100.0%

## Distillers Fight Grain Controls

Big Four—Seagram, Schenley, National, and Hiram Walker—square off with Dept. of Agriculture over extending grain allocations. Struggle to dominate whisky industry involved.

Whisky distillers may be back on wide-open operations Feb. 1.

• **Influences**—Two actions this week will influence this possibility:

(1) Schenley appeared before a three-man federal court to attack the constitutionality of Agriculture Secretary Anderson's order allocating grain among distillers. Schenley's position is that Anderson had no constitutional right to single out any one industry in his order, which expires at the end of this month. Schenley's suit dramatizes for Congress the fact that it either has to pass additional legislation soon, or let the industry operate full blast.

(2) The Dept. of Agriculture—with the support of some distillers—moved for new legislation authorizing further allocations. Opening guns in this phase of the battle were fired at hearings that started Tuesday before a congressional subcommittee headed by Sen. Flanders, Vermont Republican.

• **Concentration**—These maneuvers were wrapped-up in a war for domination of the industry—a war that has seen concentration in fewer and fewer hands since repeal in 1933. Today the big hands are Seagram & Sons, Inc., Schenley Distillers Corp., National Distillers Products Corp., and Hiram Walker & Sons, Inc.—the so-called Big Four.

The big hold they had got on the distilling industry was revealed by the caliber of men recently sent to Washington to protect their dominant position. In his move to put the distilling industry back on short-grain rations

Anderson found himself up against Judge Samuel L. Rosenman, close friend and adviser of the late President Roosevelt; former Sen. Burton K. Wheeler; ex-Ambassador Joseph E. Davies; and former Secretary of War Robert P. Patterson. Rosenman and Wheeler represented Schenley; Davies and Patterson spoke for National, Seagram, and Hiram Walker.

• **Big Four Rank**—In sizing up the situation which confronted him, Anderson asked the Bureau of Internal Revenue for some figures. He found that the Big Four account for 75% of total whisky sales, compared to about 40% prewar; individually, they rank as follows: Seagram 25.4%, Schenley 23.1%, National 16.2%, and Hiram Walker 10%.

Crowding the Big Four is Publicker Industries, Inc., an industrial alcohol concern which has used its tremendous wartime expansion as a wedge to get into the whisky business. Publicker's sales already account for 6% of the industry total; and with 10% of the industry's production and stocks, Publicker will be giving the Big Four heavy competition as its stocks mature.

• **Grain Quotas**—Alert to this threat, the Big Four aimed in the last grain-quota negotiations to get Publicker's share cut back. They succeeded and Publicker came off with 14% of the January (1948) total allotment of 2,450,000 bu. This compared to 28% that Publicker got prior to the end of wartime grain control in 1946.

Even so, Publicker's share of the Jan-

uary grain allotments is out of line with its proportion of total whisky sales in fiscal '47 (table, page 25); the allotment is based partly on Publicker's capacity to make whisky and spirits.

• **Production Position**—Despite their dominance in sales, the Big Four still account for less than 50% of total whisky output. Traditionally they have sold more than they have ever produced.

They accomplished this by buying the difference, either on cost-plus contracts from smaller distillers, or at distress prices when the bulk whisky market periodically sagged.

• **Goal**—But the Big Four gradually are putting themselves on a self-sustaining basis—by acquiring independent distilleries, and by building up their own neutral-spirits capacity.

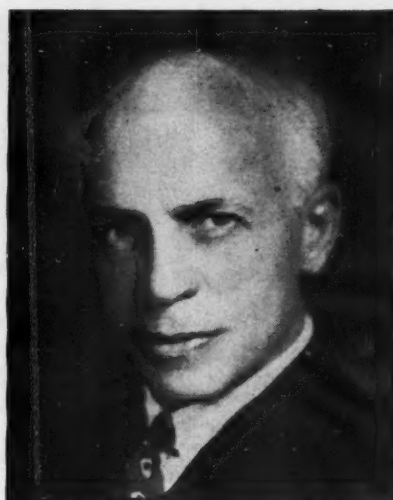
That concentration will continue is indicated by Seagram vice-president and general manager, Victor A. Sischel, in a recent public statement: "I can see the day not too far distant when a limited number of brands will dominate the market to a degree which might have been regarded as impossible five short years ago, when no five brands together accounted for more than 20% of all sales. . . . Just as happened two decades ago in the cigarette business, so is happening in the whisky business today."

• **Brand Rank**—The whisky industry is already well along the "cigarette road": five brands—all blends—are estimated to account for more than 50% of all whisky sales today. These five are, in approximate order: Seagram's Seven Crown, Schenley's Black Label, Calvert's Reserve (Seagram subsidiary), National's PM, and Hiram Walker's Imperial.

Blended domestic whiskies now make up about 85% of the whisky market, the rest being split between imported Scotch and Canadian whiskies and bottled-in-bond. Largest profit items still are the bonded whiskies in which National has the dominant position.

• **Small Fry**—In the 25% of whisky sales that don't go to the Big Four, Publicker is the major factor. Its Kinsey and Philadelphia blends account for nearly 6%. The remaining 19% is split among nearly 100 small companies, the principal ones being Brown-Forman (Old Forester), Glenmore (Kentucky Tavern), Stitzel-Weller (Old Fitzgerald).

Most of the 100 are able to sell little if any of their own special brands, and live a more and more precarious existence on the fringes of the industry, chiefly by selling bulk whisky and neutral spirits to the big distillers, as well as to rectifiers and wholesalers who in turn try to promote their own "private" brands against their well-established big competitors.



Walter S. Carpenter, Jr.



Crawford H. Greenewalt

## Changes in Command at du Pont . . .

This week was top-level changeover time for two great corporations.

At E. I. du Pont de Nemours & Co., Inc., there was a three-way shift. Down from his post of chairman of the board stepped Lam-mot du Pont, youngest of the three brothers (Pierre, Irene, and Lam-mot) who guided the corporation in the period between two wars. Into this post came Walter S. Carpenter, Jr., who at 60 resigned as president after eight years in that spot.

Carpenter explained that it was the policy

of the du Pont company for elder executives to step down and let younger men take over. The younger man who stepped into his shoes is Crawford H. Greenewalt, 45, whose wife is the daughter of Irene du Pont.

The new president went to work for the company in 1922 as a chemist. In the late thirties he helped put nylon into the pilot-plant stage. During the war he played an active part in the work that was carried out by du Pont on atomic energy.



Harvey S. Firestone, Jr.



Lee R. Jackson

## . . . And at Firestone Tire & Rubber Co.

At Firestone Tire & Rubber Co., Harvey S. Firestone, Jr., 49-year-old son of the company's founder, stepped up from president to chairman of the board. He fills a post that has been vacant since the retirement of John W. Thomas two years ago. Firestone has been active in the company since

1920, and became president seven years ago.

Lee R. Jackson, onetime salesman, replaces him as president. Jackson became general sales manager 20 years ago, was made a vice-president two years later. He has been executive vice-president of the company since 1941.



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MODERATOR  
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## AVIATION



**AIR POLICY COMMISSION** reports to President Truman: (left to right) E. Palmer Hoyt, George Baker, Paul Johnston, Chairman Finletter, John McCone, Arthur Whiteside

## New Lift for Aircraft Industry

Finletter commission urges heavy federal outlay for bigger, better air force. Airlines would profit by new mail proposals. But more federal control would accompany aid.

America's planebuilders last week saw a glimmer of hope for growth of stability and profits.

Source of the glimmer was the report of the President's Air Policy Commission, headed by Thomas K. Finletter. If the Finletter commission's recommendations go through, the nearly starved industry may look for greatly expanded federal spending.

The catch is that with greater federal spending would go greater federal control. But catch or no catch, it's a cinch that the industry needs a shot in the arm—and the Finletter report may supply the needle.

• **From Profit to Loss**—A look at the figures tells why a shot in the arm would be welcome. The aircraft makers' net profits (before contingencies) in the war-peak year, 1944, were roughly \$96-million. For 1947, estimates put operating losses at anywhere between \$50-million and \$100-million.

Peak output in 1944 was about 96,000 units. This compares with some 16,800 units estimated for 1947—about 15,000 nonmilitary craft, 1,800 for military.

• **Defense Need**—How would the commission apply the shot? It's method is

based primarily on the need it sees for a strong national defense.

First step, urgently recommended, is to build up a 12,400-plane air force—70 first-string groups and 22 special squadrons, plus 27 national guard groups and 34 air reserve groups. At present the Air Force is down to 55 groups. (A heavy-bomber group is 30 planes; a fighter group, 75 planes.)

The 70-group regular force should be ready—with new planes—by Jan. 1, 1950. Deadline for an additional reserve force of 8,100 planes is Jan. 1, 1953, the date the commission has picked as "A-Day"—when atomic attack on this country conceivably could be expected.

• **Comparison**—The Finletter recommendations jibe with Air Force estimates of its minimum defense requirements.

But the commission doesn't go along with the Navy's aircraft desires. The naval air arm, the commission says, should be kept at about its present strength—some 5,800 first-line planes with 5,100 in reserve. These figures compare with Navy requests for a 14,000-plane force.

• **The Cost**—Dollarwise, the Finletter program would come out this way:

# What you can do about YOUR HEART



## He has a normal heart

Most people have. Your heart started beating before you were born, and in a normal day pumps about 11 tons of blood.

When you are relaxed your heart works about one third of the time and rests about two thirds. When you are active your heart works harder and rests less.

Overweight also makes your heart work harder.

That's why it's important for most people in the middle and later years of life to avoid excessive physical effort and to keep their weight down at least to normal.

When you learn to "take it easy" you are helping your heart.



## He abused his heart

Here was a successful businessman who repeatedly overexerted himself at work and play. By age 48 he had developed high blood pressure, and complained of occasional pains around the heart.

His doctor advised him, among other things, to get more rest and cut

down his week-end activities. But he continued to overexert himself.

At age 52, he suffered a heart attack. The extra strains he had placed upon his weakened heart had so damaged it that he became a "cardiac cripple." He had *not* helped his heart.



## He helped his heart

This man, a doctor, had a heart attack at age 55. After recovering he returned to his practice, but cut down his working hours and the number of patients he would treat.

He took time for a daily rest. He developed several hobbies which kept him happy and busy in leisure hours

but did not put a strain on his heart. At 65 he retired completely from his practice.

By thus helping his heart—by knowing how to live within its limitations—he was able to enjoy many interesting and useful years of life after retirement.

### Start helping your heart early

While there is much less heart trouble in youth and early middle age than there used to be, more and more people are now living to reach the later years when there is a higher death rate from heart ailments.

By learning as you grow older to stop before you're overtired, by knowing how to relax, by having periodic medical examinations, and, above all, by following your doctor's advice—you can help avoid heart trouble, or lessen the effect if it

should strike. Medical science has developed potent drugs and skilled techniques to help keep you and your heart healthy.

Research on diseases of the heart is increasing. To aid in this work, 151 Life Insurance Companies support the Life Insurance Medical Research Fund which makes grants for special studies in heart disease.

To learn more about helping your heart, send today for your copy of Metropolitan's free booklet, 28-S, "Your Heart."

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North Carolina meets the requirements of profitable industry . . . high type labor . . . mild climate for low-cost, year-round production . . . easy access to over half of the nation's markets . . . abundance of soft water . . . rich native materials . . . dependable and economical power . . . and excellent transportation by rail, sea, air,

inland waterways, or over one of the nation's finest highway systems.

Already North Carolina is producing just about everything, from pickles to electrodes . . . yet her resources are scarcely tapped. Here you have scores of towns to choose from . . . where yours will be the first industry to come . . . and where you will have a labor potential of from 100 to 500 land-owning, home-loving men and women who believe in themselves . . . and hold stubbornly to the early American custom of regarding a job as a chance to get ahead.

Investigate North Carolina. Our Industrial Engineers will be glad to develop accurate information covering your requirements. Write Div. M I-2, Department of Conservation and Development, Raleigh, N. C.

# North Carolina

CONDITIONED BY NATURE FOR INDUSTRIAL PROFIT

(1) Total Air Force budget should be \$4.15-billion for calendar 1948, and \$5.45-billion for 1949. As of Jan. 1, 1950, there should be a complete review of the military establishment in the light of world conditions. Air Force appropriations for 1950-52 should rise—unless world conditions are a lot better than expected—at an average of \$1.6 billion a year.

(2) The Navy's air-arm budget for calendar 1948 should total \$530-million, a gain of \$192-million over its current rate; 1949 procurement should go up \$310-million to a total of \$840-million. Then Navy requirements should be reviewed—on the basis of a statement of integrated defense requirements to be prepared by the Joint Chiefs of Staff.

The commission would outspend Truman, whose fiscal '49 budget calls for aircraft procurement of around \$900-million, "an increase of about \$150-million over the current year." For fiscal 1950 the President would boost appropriations by 30%.

• **Steadier Schedules**—But the Finletter group proposes more than just a buying boost. It believes a broad-scale overhaul of procurement policy could net aircraft makers more stable output schedules. The commission suggests that:

(1) Military plane orders be placed over a five-year period whenever possible;

(2) Procurement men give incentives to design superior planes, readily producible at lower cost;

(3) Air Force procurement officers be career men with special training.

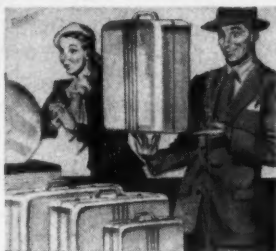
• **Airlines to Benefit**—The Finletter program would mean quick, direct benefits for the airlines. The commission recommends raising air-mail pay rates to the lines; and it would give volume a big lift by moving all first-class mail by air when faster delivery would result. The air carriers would also gain from establishment of a proposed Aircraft Development Corp. This would be authorized to pay all or part of development costs for cargo and other non-combat planes and components, navigational aids, and safety appliances.

• **More Research**—Backing this immediate program, the commission plumps for increased research and development.

At present a serious shortage of skilled scientific personnel presents a bottleneck. Finletter favors keeping the present government agency structure. Thus the National Committee for Aeronautics would continue with basic research; development of aeronautical appliances would still be the province of Army and Navy air arms through contracts with the industry.

The proposed research program projects (1) a national supersonic research center; (2) a super-Wright Field with a transonic wind tunnel 33 times bigger

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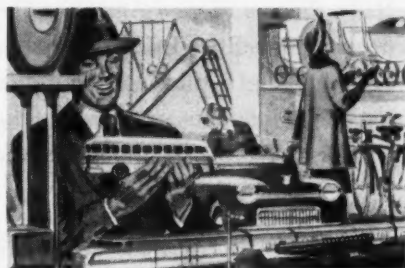
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aluminum appliances that can't rust or corrode...



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ACTUALLY, a large department store could be opened today which features nothing but aluminum products.

For all the products pictured above—plus hundreds more—are being made right now, offering more comfort, more convenience, more beauty.

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You, too, can demand—and get—these products. They're now being made in ever greater quantity because Permanente Metals, led by Henry J. Kaiser, is rushing to manufacture the light, bright, lasting metal that makes them possible.

In but a single year of operation, Permanente Metals' huge processing plants produced 175 million pounds of plate, sheet, and strip aluminum. Almost as much as the entire industry produced in the most productive year before the war!

That's why there are more and better aluminum products... today... with Kaiser Aluminum!

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**More than 600 products are now being made of Kaiser Aluminum.**

**More than 1,000 manufacturers are using it.**

**Yet Kaiser Aluminum has been on the market for only 1½ years!**

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posed almost exclusively of these men...a higher concentration of executives than is offered by any other general business or news-weekly magazine. This fact explains why RCA has been a consistent successful advertiser in the pages of Business Week for eleven years. Business Week gives RCA and other makers of communications equipment a minimum of waste circulation with the result that advertising dollars invested in Business Week "work harder," and *produce* more.

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**COAL TAR CHEMICALS**

**AMMONIUM SULPHATE**

**PHENOLIC RESINS**

**PHENOLIC PLASTICS**

**INTERLAKE**

**Chemicals from Coal**

By distilling coal, INTERLAKE produces many basic industrial chemicals noted for their quality and uniformity.

**INTERLAKE CHEMICAL Corporation**

Union Commerce Building • Cleveland 14, Ohio

• PRODUCTS FROM COAL •

## TAKE THE FIRST STEP TO A BEAUTIFUL *Scott Lawn*



**FREE TWO YEAR SUBSCRIPTION**

**PLAN NOW WITH *Lawn Care***

Five times a year we'll send you *Lawn Care*, edited especially for home owners. They give you the latest facts about how to care for your lawn. From Maine to California folks say "Anyone wanting a beautiful lawn simply must read *LAWN CARE*." To treat yourself to Scott's Lawn Perfection, ask for your FREE two year subscription today—no obligation. Just say on post card, "*LAWN CARE please!*"

**O M Scott & SONS CO.,** 10 Mill St., Marysville, Ohio  
Also Ridgefield, N. J. and Palo Alto, Calif.

than any now in existence (it would cost \$140-million and require 500,000 hp.); (3) more small wind tunnels for university research; (4) intensified work in atomic propulsion of aircraft. More research—rather than early production—is urged for guided missiles, and swifter development of jet and rocket engines.

• **From Research to Production**—To turn research quickly into production if necessary, the commission indorsed recommendations of the old Air Coordinating Committee for 16-million sq. ft. of reserve airframe plant area and 10-million sq. ft. of engine-plant area—plus a minimum reserve of 65,000 general purpose machine tools.

The commission also suggests:

- No more Civil Aeronautics Administration. (Instead, a Secretary of Civil Aviation would be set up, responsible to the Secretary of Commerce.)
- Limited competition among U. S. operators on international routes.
- The present three-year experimental period for feeder lines be maintained and, if practicable, extended.
- **Payoff Date: Later**—Aircraft investors can't expect any dividends from the commission's report this year. There's too much congressional action ahead. But the report may serve to chart the industry's course over the next ten years.

## Santa Fe Grounds Its Freight Skyway

Santa Fe Ry.'s attempt to break into the air cargo business has cracked up against Civil Aeronautics Board policy. Result: Santa Fe Skyway, the road's air-freight subsidiary, halted operations last week.

• **Coordinated Service**—Skyway had been carrying airfreight on a contract basis between New York and California and intermediate points since July, 1946. The plan was to offer a coordinated air, rail, and truck service.

Contract air cargo carriers do not need CAB certificates to operate. Last June the board granted many such non-certificated lines permission to operate as common carriers (BW—Jun. 7 '47, p43). This permission was to cover the carriers while CAB was taking action on their applications for certification.

• **Thumbs Down**—Skyway asked CAB to broaden the ruling to include a surface carrier subsidiary such as itself. Early in December, CAB said no. Since then, the board has shown no inclination to act on Skyway's application for a common carrier's certificate, says Santa Fe.

All this has convinced the railroad that "the board is determined to exclude surface carriers from any effective participation in the development of air transport."

NOW...

only ripples of <sup>OFFICE</sup> sound

In the new Remington Rand electric adding machine, cushioned power gives welcome relief from harsh office clatter. You'll turn out more work with new ease on this quieter, faster model—with its longer, streamlined motor bars and famous 10-key touch-control keyboard. All feature keys are electrified—you add, subtract, multiply directly—as fast as your fingers will move. For full details, call your local Remington Rand representative or write Dept. BW-1, 315 Fourth Avenue, New York 10.



**Cushioned Power:** Built-in steel cushions reduce noise and vibration—lessen strain on moving parts—insure smoother operation and longer life.

**Streamlined Action:** Longer, feather-touch motor bars and compact 10-key keyboard eliminate finger groping, speed every operation. Completely electrified.

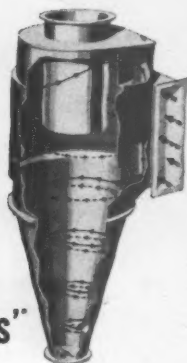
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the new **Remington Rand** electric adding machine



in planning

# Dust Recovery



## The "Brass Tacks" Approach

is to get down to fundamentals. What equipment will collect dust particles in the sizes that count, with an efficiency you can count on, and at the most practical cost. . . . For economy, a system's got to be simple—without moving parts or need for maintenance. That means a Buell van Tongeren Cyclone, if you really want to trap the low-micron fines, too. Only the van Tongeren has the Shave-off, to put it in the high efficiency class. There's a Buell catalog that makes this all plain. Write for one, its "brass tacks" approach makes it easy to read. Buell Engineering Co., 60 Wall Tower, New York 5, N. Y.

# buell

Engineered Efficiency in  
**DUST RECOVERY**

# MARKETING

## N.R.D.G.A. Urges Efficiency

Meeting agrees higher costs, lower unit sales bring need for further housekeeping economies in department store operations. Retailers may adopt manufacturers' cost-cutting methods.

Department store executives meeting in New York last week took a quick look over their shoulders at last year. They decided that unless conditions are a good deal better this year they are due for real trouble in 1948.

• **Drop in Sales**—Despite the fact that 1947 brought the biggest sales volume in history (Federal Reserve Board figures put 1947 sales 12% over 1946), stores reported further drops in unit sales, higher operating and merchandise costs. All of these can mean lower profits and less cash in the till for working capital in 1948. Thus the theme of their thinking, "stabilizing for prosperity," which was stressed at the 37th annual convention of the National Retail Dry Goods Assn.

Some store operators thought, however, that stabilization was further away now than it had been in 1947. Prosperity in 1948, they figured, might well

turn out to be profitless unless firm action is taken to meet spiraling costs of merchandise and operations.

• **Higher Prices**—From the fabric and ready-to-wear manufacturers, storemen got little hope of lower prices soon. In fact, large textile and garment manufacturers predicted that prices would go up. Many of them forecast continuing shortages of merchandise, the bane of the retail business in recent years.

Shortages of wanted merchandise mean investment in less desirable products to fill out store lines. And this, in turn, usually means lost profits. Reason: After the big buying seasons such as Christmas and Easter are over, the goods can be moved only via mark-down sales.

• **Rising Costs**—The retailer's costs have mounted more than even his dollar sales during the last two years. That means that in addition to a decline in



## Throngs Jingle Joske's Cash Registers

Joske's department store in San Antonio topped all its previous sales records on the opening day this month of its 75th anniversary sale. These are some of the crowds that

thronged the store. Thanks to their purchases, the store's volume on that day was 25% higher than on its biggest day during the Christmas rush—itself a record breaker.

unit sales, the cost per sale has crept up steadily. So many stores are now going to the industrial and management engineers for help (BW-Jun.29'46, p76). Their aim: to meet higher operating costs by boosting their own efficiency.

They feel that they may be able to do this by using operating procedures similar to those which have been so effective in cutting manufacturing costs. They do not feel that the department store of tomorrow is going to be a facsimile of a Ford automobile production line. But they are going to develop new low-cost methods of handling merchandise. Foley's, Federated's new big department store in Houston, Tex., has already shown what stores can do in this direction (BW-Oct.18'47,p50).

• **Time and Miles**—Time, movement, and efficiency studies have already shown many stores how to save thousands of miles in moving goods, or store clerk time and energy. A historic example, still quoted in the industry, took place at Marshall Field's, Chicago. Standardizing one operation saved 50,000 miles a year in trucking and handling in the store. In another case, clerks walked 60,000 miles a year less after customers' checks were handled by a different method (BW-May'46,p65).

The meeting also discussed a possible new use for store advertising and promotion as a means of raising efficiency. The usual concept of retail advertising's goal is: Get people into the stores, push sales of key items, depend for added sales on a good deal of impulse buying by the customer.

• **New Ad Drive**—Today there is another conception of advertising's function that may be tried out before the

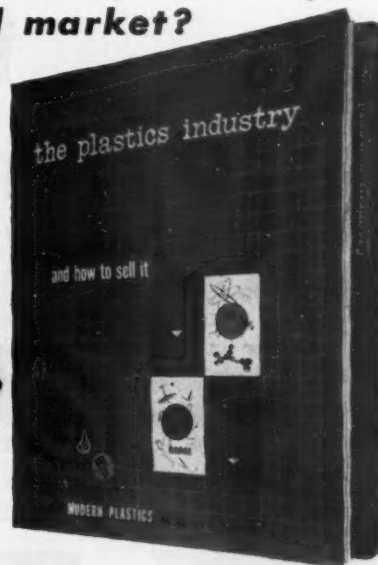


NEW CHAIRMAN of N. R. D. G. A.'s executive committee: Robert A. Seidel

## Do you know your sales potential in this industrial market?

If not,  
this new guide  
to the Plastics  
Industry  
will help you  
figure it

*free*



**JUST PUBLISHED** — 40-page data file, packed with up-to-date facts and figures. Contains: 1946 plant inventories on actual capital equipment, supplies and short-life equipment — Charts showing raw material consumption through the last ten years — Maps showing the geographical location of the industry — Helpful tips on how the industry buys and how to sell and advertise to it.

### A FAST GROWING MARKET... AND AN OPPORTUNITY

Here, for the first time, is the inside story on the Plastics Industry — one of America's fastest growing industrial markets. For instance, between 1939 and the end of 1947, the production of plastic raw materials alone increased 440%. Now, with national durable goods production running at about 225% of the 1935-1939 average, the Plastics Industry is still expanding rapidly to meet the increasing demand for its products.

As additional applications for plastics are developed, new equipment and manufacturing facilities are added. That means

new opportunities for manufacturers, not only in the specialized equipment of the industry, but in equipment, services and supplies common to all manufacturing operations.

There is a good chance that the Plastics Industry represents a good market for your product. This 40-page data file was written, after extensive research in the field, to help you evaluate the Plastics Industry as a potential market for your product or service... and to help you plan sales, distribution and advertising to it.

Send for your free copy now.  
Just fill in this coupon  
clip it to your firm  
letterhead and mail it to us.  
No obligation, of course.

## MODERN PLASTICS

122-B East 42nd Street • New York 17, N. Y.

MODERN PLASTICS  
122-B EAST 42ND STREET  
NEW YORK 17, NEW YORK

Gentlemen:

Please rush my free copy of your new 40-page data file entitled "The Plastics Industry — What It Buys and How to Sell It." We are particularly interested in advertising (Product or Service).

Name..... Position.....  
Firm.....  
Street.....  
City..... Zone..... State.....

# What in the world

**Practically everything!...and so almost**

## What do they read in TIME?

*Practically everything, of course!*

**E**ACH WEEK 1,500,000 women and 1,800,000 men read TIME. Studies among equal numbers of TIME-reading men and women show the intensity of readership by sex for each TIME department.

The readership figures reported here for each department are based upon 1600 personal interviews.



### ART

128 women readers  
for 100 men



### BOOKS

120 women readers  
for 100 men



### FOREIGN NEWS

78 women readers  
for 100 men



### INTERNATIONAL

74 women readers  
for 100 men



### LATIN AMERICA

77 women readers  
for 100 men



### LETTERS

97 women readers  
for 100 men



### NATIONAL AFFAIRS

80 women readers  
for 100 men



### PEOPLE

103 women readers  
for 100 men



### PRESS

78 women readers  
for 100 men



### RADIO

107 women readers  
for 100 men

## Why does TIME interest so many women so much?

Week after week, page after page of TIME satisfies a woman's *natural interests* in the world around her . . . and appeals to her *personal interest* in how the world affects her home, her family, and herself.

For TIME-reading women are alert, active,

interested in *practically everything*. In a week they do more planning and buying and recommending than most women do in a month.

When you can get their interest, you've got something. And the best place to get it is in TIME!





# interests women?

as many Women as Men are reading **TIME**



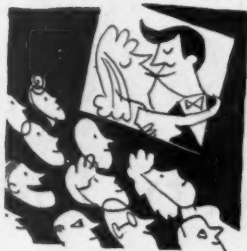
## **BUSINESS**

59 women readers  
for 100 men



## **CANADA**

75 women readers  
for 100 men



## **CINEMA**

122 women readers  
for 100 men



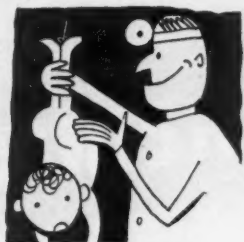
## **EDUCATION**

97 women readers  
for 100 men



## **MEDICINE**

93 women readers  
for 100 men



## **MILESTONES**

104 women readers  
for 100 men



## **MISCELLANY**

102 women readers  
for 100 men



## **MUSIC**

117 women readers  
for 100 men



## **RELIGION**

102 women readers  
for 100 men



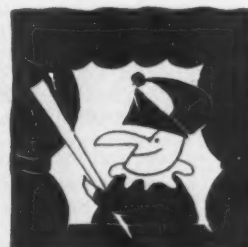
## **SCIENCE**

73 women readers  
for 100 men



## **SPORT**

55 women readers  
for 100 men



## **THEATRE**

114 women readers  
for 100 men

# TIME

The Weekly Newsmagazine

read every week by the men and women who are everybody's Best Customers!

## Insurance... and YOU

#2 of a series of informative articles  
on insurance and bonding.

# How can employers guard against large dishonesty losses?

Your judgment in picking people for positions of trust may be of the very best, but it has to be based mainly on past records of character and integrity. It can give you no guarantee against future developments which may induce the most trustworthy employee to succumb to the combination of temptation and opportunity and become an embezzler.

Fidelity Bonds offer business management the only positive means for dealing with this employee dishonesty risk. Such protection in its most modern and highly perfected form can be provided for your organization through Hartford *Blanket* Fidelity Bonds which offer:

1. Repayment of losses of money, merchandise or other company property stolen by employees, whether or not the identity of guilty employees is known.
2. Coverage on *all* personnel—executives, sales staff, office and factory workers, watchmen and maintenance men, etc.
3. Hartford *Blanket* Bond rates are at the lowest point in history.
4. Automatic protection against personnel changes, eliminating the danger of uninsured losses.
5. Reduced record-keeping and handling expense, since it is unnecessary to report personnel changes or make premium adjustments during the bond term.
6. Freedom from personnel troubles—because Hartford *Blanket* Bonds cover *all* employees alike, there is no cause for any feeling of discrimination.

These and many other benefits of Hartford *Blanket* Fidelity Bonds are worth your consideration. Your Hartford agent or your own insurance broker will gladly furnish full information on request.

# HARTFORD

HARTFORD FIRE INSURANCE COMPANY  
HARTFORD ACCIDENT AND INDEMNITY COMPANY  
HARTFORD LIVE STOCK INSURANCE COMPANY

Writing practically all forms of insurance except personal life insurance  
Hartford 15, Connecticut



year's end. It is this: Teach the consumer how to buy, both for her own advantage, and to help raise the clerk's selling efficiency. Thus the aim is twofold: (1) Retrain the sales person to become more efficient; (2) try to educate the consumer to become a more economical shopper from the standpoint of store time and cost.

Some department store people trace the higher acceptance of nationally advertised brands by the stores to this trend. Such brands, it is believed, are already presold to the consumer. When she comes to the store, the clerk does not have to take valuable time to sell the merchandise.

• **Trend to Durables**—There is a growing tendency, the meetings showed, for department stores to place more stress on sales of durable goods. Recent price cuts on a number of household appliance lines have encouraged retailers to believe that the price peak on durable goods lines may have been reached. They believe that price stability in these lines will develop consumer interest. They are pleased, too, by the high unit retail price and the low selling cost per unit of such products.

Contrarywise, practically all soft goods lines prices are rising. Yet retailers have been unable to fill out their lines of these goods for Easter showings due to scarcities. That, in turn, might have serious effects on store sales. Reason: High style ready-to-wear is always a big feature in the Easter market and pulls in heavy store traffic.

• **The Big Problem**—On the national front, all department store executives feel that their chief problem in 1948 is inflation. They were warned at the meeting that present creeping inflation tendencies might well change to a gallop. That could well spell national business disaster—with retailers the most vulnerable and probably the first victims. Thus they have developed a seven-point anti-inflation program to:

- Resist price increases and sell at the lowest prices consistent with sound business practices;
  - Cooperate with manufacturers who reduce costs and prices;
  - Increase efficiency and productivity of store functions;
  - Hold inventories low;
  - Hold down credit as a selling incentive;
  - Push sales of Treasury bonds to the public and business;
  - Maximize utilization of existing plants and plan plant expansion so as to minimize inflationary pressures.
- **New Chairman**—Robert A. Seidel, vice-president and controller of W. T. Grant Co., New York City, was elected chairman of the executive committee of the N.R.D.G.A. Lew Hahn, president of the organization, was re-elected to that post.

where sales will be won in '48...



**APPEARANCE**  
**LONGER LIFE**  
**COST**

**an M&W FINISH** will help your product **SELL**

As you line up your big sales guns this year, you are seeking every competitive advantage. Product appearance, service and cost are among the major factors. Let us work with you to help your product's appeal on these three points with an M&W finish.

**Better appearance.** Eye-appeal has probably made one product outsell another more often than any other single factor. Slip your product into a gleaming, metallic coat of Metalustre. Or give it the beauty of "hammered metal" with M&W's Motletone. Or a brilliant, water-white lacquer may be what your product needs to make it stand out. M&W finishes like these are available for practically any air-drying or baking schedule—for dip, spray or brush application.

**Longer life.** M&W's formulas include finishes that add beauty to a product—and protection. Take Coprene Enamels—a modified rubber base gives them unusual flexibility; they take all kinds of punishment

without cracking, chipping or peeling. And they're resistant to chemicals, heat, cold, water, weather. Coprene Enamels can be air-dried or baked, formulated to meet practically any finishing schedule.

**Keep costs down.** Important to the overall success of a finish is its adaptability to production methods. You get this advantage with M&W finishes. Many times, *production improvements* are brought about. With M&W's Flashdur, baking schedules are reduced to as little as 1½ seconds—yet the finish is tough, resilient. Or, with its unusual hiding properties, M&W's Hammertone finish reduces to a minimum products that are rejected due to surface defects.

With over 50,000 formulas to work with, M&W technicians can find the right finish for your product and your production system. Why not put your problem up to us today? There's no obligation and all discussions are treated confidentially. A new catalog of M&W finishes is available on request.

PIONEERS  
IN PROTECTION

M&W  
1876

... where industry goes with finishing problems

**MAAS & WALDSTEIN COMPANY** NEWARK 4,  
NEW JERSEY

Boston 15, Mass. • Chicago 12, Ill. • Los Angeles 34, Calif.

Pacific Coast Division: SMITH-DAVIS CO., 10751 Venice Boulevard, Los Angeles 34

PRODUCERS OF LACQUERS, ENAMELS, SYNTHETICS AND SPECIALIZED PRODUCTION FINISHES



# Crane Parts

**You DON'T See Are  
Responsible for  
Its Stamina**

The vital parts of a crane are not readily apparent. Some of them (like the herringbone gears here exposed) are indications of quality that remain concealed in protective housings. Others (like the engineering experience and know-how that go into the design) only become apparent after years of service have demonstrated

low operating and maintenance costs.

Crane purchasers are well advised to select a supplier in whose engineering and production skill they can have implicit confidence... then leave it to him to design the crane that will best fit his particular needs. Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill.

Offices in Chicago, Cincinnati, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, and St. Louis. Agents in other principal cities. Canadian Subsidiary: Whiting Corporation (Canada) Ltd., Toronto, Ontario. Export Department: 30 Church Street, New York 7, N. Y.

Drawing by courtesy Socony-Vacuum Oil Co.

Dependable · Quiet-Running · Durable

**WHITING**  
Overhead  
Traveling **CRANES**

BUILDERS OF QUALITY CRANES

FOR OVER 60 YEARS

## Price Barometers

Spring catalogs of Sears, Roebuck & Montgomery Ward show a cautious mixture of higher and lower prices.

The semiannual catalogs of Sears, Roebuck and Montgomery Ward usually are good barometers of price and merchandising trends. This week the big spring-and-summer books of the two companies began going out to mail-order customers. In both catalogs, a cautious mixture of higher and lower prices reflects efforts to hold increases to a minimum in the face of spiraling suppliers' prices.

• **Price Statement**—Sears accompanied its catalog with a price statement from Gen. Robert E. Wood, chairman of the board. Gen. Wood admitted that prices in the new book are up 2.8% on the average over the last year. Many "relatively low" prices in the catalog are not justified on the basis of present Sears costs, he added.

Montgomery Ward officials refrained from specific price comparisons; but they pointed out that merchandise with steel in it generally is higher priced, while prices on some other items are lower.

• **Scarcity Policy**—Sears continued the merchandising policy established a year ago by omitting from the mail-order catalog such still-scarce hard lines as



### ANGLE FOR ANGLERS

The New England Council has a new promotion piece for plugging New England as a vacation fishing ground: a box of six fish flies. A six-state committee of fishing enthusiasts designed them; the committee is the sole distributor. The flies aren't hand-outs, however. The committee is selling them at cost (\$5.50 a box). The flies are tied by the Charles W. Orvis Co.; New England Box Co. makes the box.

refrigerators, sewing machines, washing machines, and electric and gas ranges (BW—Feb. 1 '47, p58). Sears will go on marketing them through retail stores until supplies are normal.

Ward's catalog, like last year's, carries full listings of its private-brand appliances.

Re-emphasizing its belief in the importance of the children's market, Sears also repeated its last fall innovation of placing its children's wear section first in the book.

• **Special Farm Listing**—In a diversification move, Ward's cut its farm-equipment section in the general catalog by 40 pages, issued instead a separate 188-page special listing of heavy farm equipment. Reason: The heavy urban circulation of the big book makes listing of specialized farm equipment wasteful.

In a catalog 60-pages bigger than a year ago, furniture and radios got the biggest page boosts at Ward's.

Catalogs from the two smaller mail-order houses, Spiegel and Alden's, were mailed earlier this month. Both carried a wider selection of merchandise than in earlier postwar years.

• **New Sales Records**—Sears' sales for fiscal 1947 will pass \$2-billion for the first time in the company's history. Eleven-month sales to Dec. 31, 1947, climbed to \$1,955,792,000. This put them 25.3% over the same period in 1946 and 15.4% ahead of total sales in all of fiscal 1946. December sales alone (\$267,572,523) increased 36.2% over the \$196,396,921 in the 1946 month. The trade attributed Sears' record sales to the number of new Sears retail stores opened during the year.

Montgomery Ward sales will also hit a record \$1.2-billion for fiscal 1947. Eleven-month figures to Dec. 31, 1947, showed Ward's sales were \$1,165,971,000, an increase of 20.4% over the same months of 1946.

## NBC VIDEO AID

It's no secret that programing causes lots of dyspepsia among television broadcasters (BW—Jan. 10 '48, p24). Last week National Broadcasting Co. signed a contract aimed at improving its own digestion—and that of the video audience.

The contract is a five-year agreement between NBC and Jerry Fairbanks, Inc., an independent film-producing company. Terms call for Fairbanks to produce several hundred feature television films yearly. NBC will specify the types and lengths of films desired. It will have all distribution rights.

Fairbanks, twice an Academy Award winner for theatrical shorts, will make a large number of the films in New York. Shows will be 15, 30, and 60 minutes long with "open ends" for insertion of a sponsor's commercial.

# Industries Served by TAFT-PEIRCE:

## 7. MACHINE TOOLS

THE TAFT-PEIRCE MFG. CO.

Contractors for the Manufacture of Machines

AND MECHANICAL SPECIALTIES WITH PARTS INTERCHANGEABLE



Estimates Furnished for Special Tools & Mfr.

SPECIAL ATTENTION GIVEN TO THE DESIGNING OF  
MACHINES FOR ECONOMICAL MANUFACTURE

(FROM WOONSOCKET CITY DIRECTORY, 1900)

## ... and we can say this again in 1948!

It's natural enough that machine tool builders always have been important clients of Taft-Peirce. For most of them know that T-P has banked the longest and broadest experience of any concern in the country devoting a major part of its activities to the contract design and manufacture of tools and special machinery.

Many of them, indeed, think of T-P as their own design department and their own tool room. Many a world-famed machine tool is shipped f.o.b. builder's plant, equipped with jigs, fixtures, and cutting tools, T-P designed or T-P built, or both.

More than one well-known machine tool has had its origin here, too—built on contract to T-P designs, or to the machine tool builder's own. Taft-Peirce has designed a long list of machines for its own needs, too, some of which, at the insistent suggestion of customers familiar with this versatile plant, have found their way into the open market as units of T-P's own machine tool line—machines such as surface grinders, back spot facing machines, and a new spline and gear grinder.

The design and manufacture of special machinery and tools always will be the business of the Taft-Peirce Contract Division. What is more, the T-P trade-mark always will certify "Top Precision" in this field of work. No job is too small; none is too large. Ask for a copy of our contract service bulletin entitled, "Take It to Taft-Peirce." Address: The Taft-Peirce Manufacturing Company, Woonsocket, R. I.




For Tooling, Engineering, Contract Manufacturing  
**TAKE IT TO TAFT-PEIRCE**




with **ELWELL-PARKERS**

**WHY**—Materials handling averages 20% of production costs, adds little to product value. No other field offers such cost-cutting opportunities.

**HOW**—Through an integrated system of Elwell-Parker Industrial Power Trucks, individually "tailored" to your loads and to your plant and production needs. Only Elwell-Parker can offer the greater engineering knowledge gained from 42 years' service to over 300 industries.

**RESULTS**—Faster production, Greater turnover, **NEW** profits. Let us send the nearest  man.

**SEND FOR BOOKLET** 

on Scientific Materials Handling; ask for "Industrial Logistics." The Elwell-Parker Electric Company, 4535 St. Clair Ave., Cleveland 14, O.



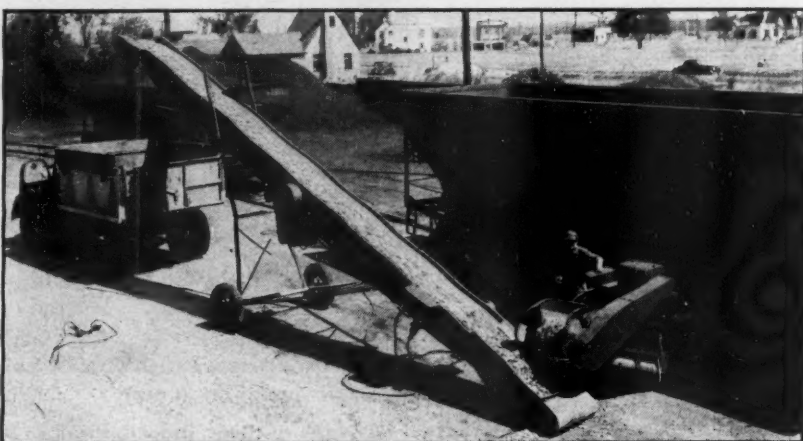
# ELWELL-PARKER

Power Industrial Trucks  
Since 1906

## PRODUCTION



**PALLETIZER** takes packages off conveyor, stacks and cross-ties them on pallet



**UNDER-CAR UNLOADER** operates in a pit or above rails, moves three tons a minute

## Automatic Muscles for Industry

Carrying, hoisting, loading, and unloading devices feature Materials Handling Exposition. New products few; refinements of existing devices—and new uses for them—take the spotlight.

Management-men got an eyeful last week of how automatic machines can take the "grunt and groan" out of materials handling. The occasion was the second exposition of the Materials Handling Institute, held in Cleveland.

The show, which featured live-action demonstrations, occupied three times the space used last year (BW—Jan. 25 '47, p38). There were 200 exhibitors, twice the 1947 number. Equipment shown ranged from small hand hoists and strappers to conveyor systems that

will load a freight car in a matter of minutes, and cranes that can unload a car just as fast.

• **Fewer Sales**—By the end of the show, it was apparent that the industry is heading into a buyers' market. Visitors were just as interested as last year, but they were critical and cagey. Fewer sales were made on the floor. Nevertheless, equipment salesmen left for home with swollen lists of prospects.

Few absolutely new devices were shown. But many exhibits illustrated



# A GOOD MAN TO TALK TO IN 1948



**W**hen the man from the Chicago Daily News calls upon you what does he represent? Though he is spokesman for a nationally famed home newspaper it is not publishing prestige that he emphasizes, but his representation of people—living people—Chicago's most **IMPORTANT** million consumers. In fact, a consumer group in excess of a million. And a consumer group having at its command a rich concentration of spendable dollars. (See family income figures at the right.)

It is an exceptional marketing opportunity the Daily News man represents; a marketing opportunity out of the ordinary when such potential sales response can be stimulated through the medium of a single newspaper. It is, of course, the kind of newspaper that is welcomed to these **IMPORTANT** homes, the kind of

newspaper that for 72 years has kept the respect of its readers—and won respect for its advertisers.

Planning to sell Chicago in 1948?  
Talk to the Daily News man!



## Chicago Daily News Families Are Divided Into the Following Income Groups:

Over \$7,499 . . . . . 10.8%  
\$5,000 to \$7,499 . 13.9%  
\$3,000 to \$4,999 . 39.6%  
\$2,000 to \$2,999 . 23.3%  
Below \$2,000 . . . 12.4%

These figures were obtained by an independent survey, conducted exclusively among regular Daily News readers, representing a valid cross-section, house-to-house sampling.

# CHICAGO DAILY NEWS

For 72 Years Chicago's HOME Newspaper

John S. Knight, Publisher

LOS ANGELES OFFICE: 606 South Hill Street  
NEW YORK OFFICE: 9 Rockefeller Plaza

DAILY NEWS PLAZA: 400 West Madison Street, CHICAGO

MIAMI-HERALD BUILDING, Miami, Florida

DETROIT OFFICE: 407 Free Press Building  
SAN FRANCISCO OFFICE: Hobart Building



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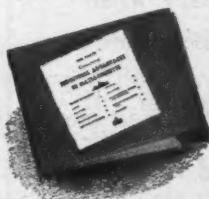
You get the full benefit of a tremendous backlog of mutual respect and good will between management and labor, built up through a century and a half of manufacturing, when you "make it in Massachusetts".

Organizational troubles and other "symptoms of adjustment" are outmoded here, where labor long ago learned the value of sincere effort and full cooperation . . . and where management has learned the value of consistently seeking out and removing the causes of friction and misunderstanding. Between 1939 and 1946, fewer man-days per employee were lost through industrial

disputes in the state of Massachusetts than in any of the ten leading industrial states.

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Massachusetts also backs up your enterprise with the world's greatest concentration of research facilities and profitable location in a great mass market. For further information, write for "An Open Book"—50 pages of facts and figures. Massachusetts Development and Industrial Commission, S-Rm. 407B, State House, Boston, Massachusetts.



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new applications of accepted products. Among the exhibits that attracted attention:

An automatic pallet loader supplies the missing link between the conveyor line and the shipping pallet. Such machines, up to now, have been available only on a rental basis. They can be bought today. The machine (picture, page 50) stacks and crossties packages on a pallet as it receives them automatically from a conveyor line. It will handle packages of 18 different sizes.

A freight car unloader (lower picture, page 50) can operate either in a pit under the car or above the rails. It will move three tons of bulky material a minute. A stockpiler has been developed to work with the unloader.

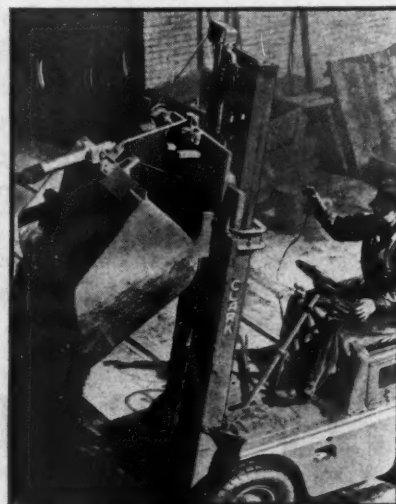
An automatic controller for a battery-charger charges two industrial-truck batteries in sequence. It's called a recycling control. With it, each battery can be charged at a predetermined rate set up on a selector switch. The device gets double service out of the conventional charger.

The gear rack—an old idea—finds a new use in a device fastened to an ordinary shop truck. Inverted V-shaped racks are fitted with studs (or pegs) on which gears or machined products can be loaded as they come from a machine.

A motorized hand truck with three wheels can handle 1,500-lb. loads on steep, short inclines; 2,000 lb. on level hauls.

Disposable pallets (BW-Dec.6'47, p84) were much in evidence. Their manufacturers are trying to shoulder into the market previously held by wire and wood pallets.

• Shock Absorber—Design refinements on existing machines were evident. One example: A pneumatic snubber for a fork-truck shovel helps cut down shock and strain on the upright assembly (picture, below), lengthens equipment life.



SNUBBER (upper left) absorbs the shock when truck shovel dumps its load

## Accent on Costs

Talks at S. A. E. meeting center on ways to keep auto prices down. Ways to save money on steel discussed.

Automotive engineers out in Detroit last week were paraphrasing an old bromide. Their version: "What this country needs is a good \$1,000 car." They know that the return of the prewar standard-size \$1,000 car is strictly a dream. But that didn't stop the delegates at the annual meeting of the Society of Automotive Engineers from talking about cost-cutting through improved design, better use of materials, adoption of new techniques. If they can't get back to prewar prices, they at least want to come as close as they can—trying to chip a little bit off costs here, a little off there.

• **New Way to Choose Steel**—One field that offers a ray of hope in the cost picture is that of steel selection. Several papers were presented on that subject alone. W. E. Jominy, Chrysler Corp. staff engineer, outlined a challenging basis for the selection of automotive steels—hardenability (the ability of a steel to develop a certain hardness at a certain rate of cooling).

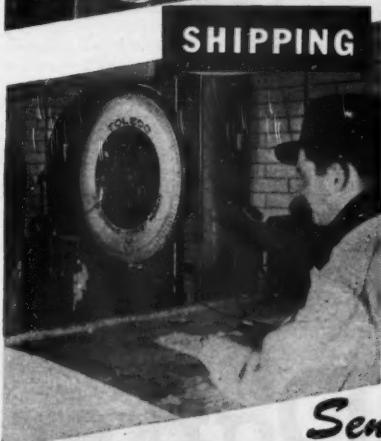
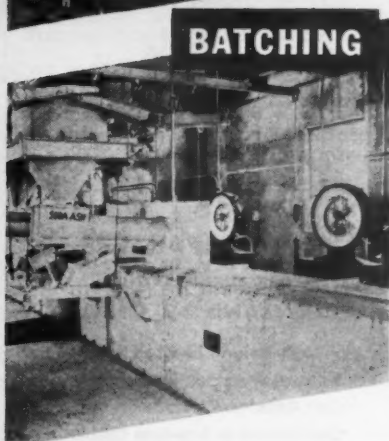
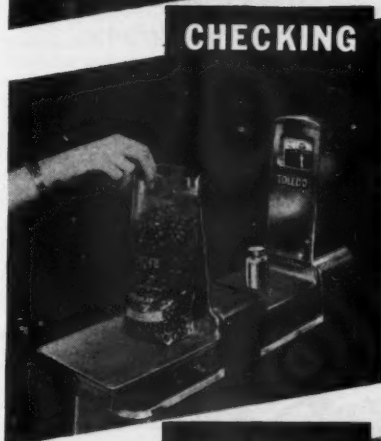
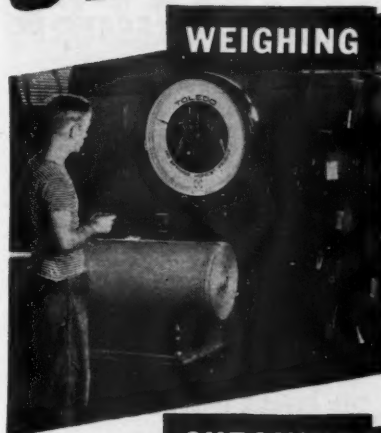
Jominy cited examples of the use of the "hardenability" factor. These examples showed that: (1) There is not much difference in the engineering properties of alloy steels so long as they are properly heat-treated; (2) the greatest difference in alloy steels is their difference in hardenability. With such a basis for selection, more frugal use can be made of the relatively expensive alloy steels.

• **Stretching Steel**—C. L. Altenburger, research engineer of Great Lakes Steel Corp., told the meeting that low-alloy, high-tensile steels offer possible economies in automotive structures—particularly when their high strength and high corrosion-resistance can be used to advantage. Altenburger presented specific case studies to show that such steels are often economically better than mild-carbon steels. Reason: Their use permits more products to be made with available steel tonnage.

Many other materials besides steel go into the passenger car we know today: finishes, plastics, ceramics. Each of these materials received attention also. For example:

Several new finishes are available. They are easier to apply, require fewer coats, are more permanent than their prewar counterparts. They keep their gloss longer, chalk less rapidly, don't lose color. Thus they offer a means of cutting manufacturer's finishing costs;

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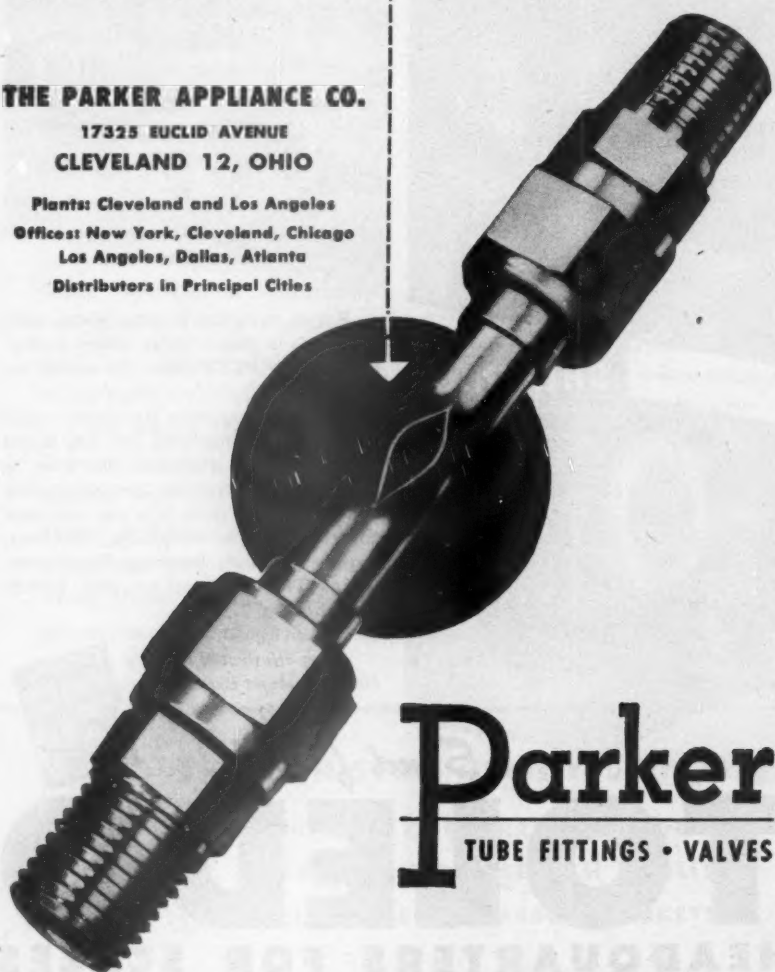
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TUBE FITTINGS • VALVES

help the users, too, because a repaint isn't needed as often.

Vinyl plastics can help solve the interior styling problem. Seat covers of paper fiber coated with such resin are a case in point. These covers are not only fairly cheap, they also have excellent resistance to wear and abrasion.

Vinyl plastic sheeting can also be used for automobile topping. Another new development: A surface treatment has been devised for styrene plastics (used for such accessories as instrument panel parts and small knobs). The treatment improves clarity and abrasion resistance, reduces the static charge—which ordinarily causes such plastics to pick up dust and lint.

New ceramic developments are coming slowly. Most of the research in this field today is confined to turbo-jet projects. But the lessons being learned will be useful in automotive design. R. F. Geller, chief of the Porcelain & Pottery section, National Bureau of Standards, indicated that progress has been made in developing porcelains of higher tensile strength at high temperatures.

Geller said that—from the point of view of strength—such porcelains can replace metallic alloys at temperatures above 1,500 F. They show excellent resistance to creep (change in dimension under load and temperature). The forecast of many engineers: As engine temperatures increase, such porcelains will be used in automotive designs.

• **Accent on Fuel**—The sessions were notable for the amount of interest shown in fuels and lubricants. A good portion of the registration was made up of petroleum engineers anxious to know what automotive thinking was in regard to new engines and better fuels. S.A.E.'s new president, R. J. S. Pigott (cover), is a petroleum engineer.

Several papers discussed motor fuels and their characteristics, and the potential of synthetic fuels. One significant statement: "The preparation of motor fuels is ceasing to be a process of refining, and is rapidly becoming a process of chemical manufacture"—to fit the fuel to new engine demands.

### WASTE INTO CHEMICALS

Wheatland Tube Co., Wheatland, Pa., isn't going to dump waste products into Shenango Creek after August of this year. Instead, the company will convert the waste from its steel tubing and pipe operations into zinc sulphate, zinc chloride, zinc ammonium chloride, and pigment-grade iron oxide.

This will be done with a new \$500,000 chemical plant for which contracts have just been let. The new plant will be an affiliate, called Maneely Chemical Co., and will be headed by Edward F. Maneely, president and treasurer of Wheatland Tube.

## NEW PRODUCTS



### Long-Life Lock Nut

If there are any loose ends in that machine assembly, Swallow Airplane Co. thinks it can tighten them up with a new lock nut. It's made so that the locking units—fiber or metal washers into which the screw thread bites—can be replaced. Thus a new nut is not required after disassembly.

The crown of the nut holds the washers. It's cut away on one side so that worn washers can be removed and new ones inserted. No tools are needed. Cost of the washers is only a fraction of the cost of the entire nut. Manufacturer's address: Wichita, Kan.

• Availability: uncertain.



### High-Speed Lathe

Work speeds can be set anywhere from 90 rpm to 3,500 rpm on the variable-speed lathe manufactured by Hardinge Bros., Inc., Elmira, N. Y.

A large hand wheel on the lower left side of the machine works the variable-speed mechanism. The rate in rpm is shown on a separate dial. Once

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**Aviation:** Special seam sealing tape—Fuel tank and pressurized cabin sealers.

**Railroad:** Adhesives—Car cements—Protective coatings—Glass sealers.

**Building and Construction:** Special building and sheathing paper—Caulking compounds—Greenhouse glass sealers—Concrete curing compounds—Sewer joint compounds—Expansion and contraction joint sealers.

**Wholesale Jobbers:** Roof coatings—Caulking compounds—Furnace cement—Patching plaster.

**Miscellaneous:** Corrosion resistant sealers for metal fabricated joints—Molded cork-asphalt shapes—Special adhesives and sealers for many other uses.

Like many other leading automobile makers interested in better body assembly, Hudson Motor Car Co. uses Presstite No. 261 Spotweld Sealer and Presstite No. 576.2 Permagem to effectively seal out water and prevent rust and corrosion in many body seams.

Presstite No. 261 Spotweld Sealer, applied to the faying surfaces before welding, seals spot welded seams in floor pan; roof panel and header assembly, front fender extension and rear wheel house assembly to floor pan. Hudson fenders are sealed to the body with a 3/16 inch extruded bead of Presstite No. 576.2 Permagem.

The automotive industry is only one of many industries who realize the advantages of Presstite Sealing Compounds developed to meet their requirements. If your industry presents a problem in sealing out water, moisture, air or dust, or in preventing rust or corrosion in metal seams, it will pay you to consult "Sealing Headquarters" at Presstite—developers and manufacturers of sealers for American industry since 1924. A request on your letterhead stating your requirements will bring samples or recommendations. Write today.



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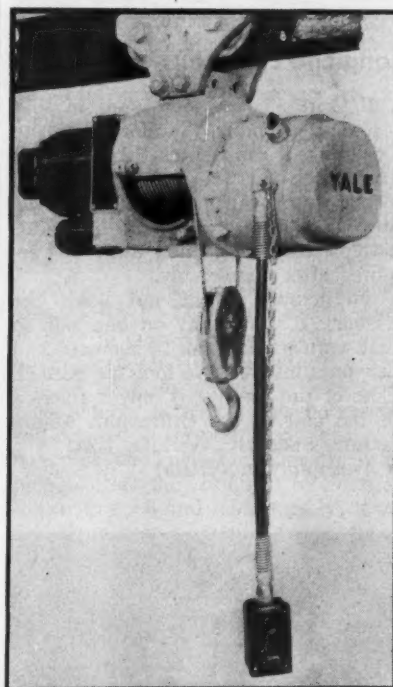
the speed has been set, it remains constant during operation. If the electric motor shuts off, the handwheel locks to prevent damage to the speed control.

For close precision work, the operator can disengage the machine drive with a clutch.

The lathe's headstock has a ball-bearing spindle which takes 1-in. capacity collets, 6-in. capacity chucks. The moving slide-rest is anchored on its guides with a lock.

All electric controls are housed in a panel on the lower left side of the machine. The right side is a tool compartment.

• Availability: four weeks.



### Light-Duty Hoist

Load King, a low-capacity hoist, is a development of Yale & Towne Mfg. Co., Philadelphia Division, 4530 Tacony St., Philadelphia 24. The lift is made in 1/4-ton, 1-ton, and 1-ton capacities.

The frame of the hoist is a one-piece, ribbed-steel casting. It works with plain trolley, motor trolley, or winch-type mountings. Machine-cut grooves in the drum guide the wire cable as it winds. The reversible motor is said to be rated for constant operation under full load.

• Availability: immediate.

### Surface Protector

For sealing porous surfaces—concrete and cement—Spencer Kellogg & Sons, Inc., has a protective coating ingredient that's a combination of soybean oil and styrene. Known as Ultrol, it can be used with any pigment to manufac-



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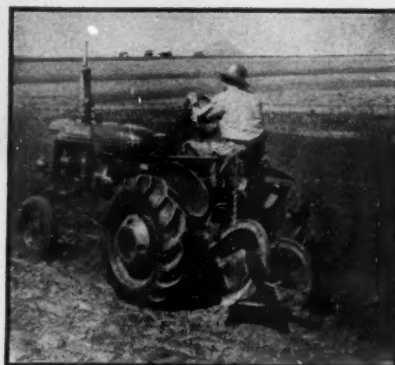
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ture protective coatings. The film dries in three hours to produce a hard, elastic coating that's said to resist water and alkali. The company address: 100 Delaware Ave., Buffalo 5.

• Availability: now in experimental production.



### Tractor for Small Farms

Farm attachments can be raised or lowered with a touch of a finger on International Harvester's new Farmall Super-A tractor. The model is designed for use on small farms.

Hydraulic power for the attachment control comes from a gear pump through hydraulic cylinders to power arms at the center of the tractor. Lever controls at the operator's left control the selection and movement of the implements. The tractor's drawbar can be attached to the back or front of the rear-axle housing. In the forward position it acts as a pull bar for the mounted implements; in the rear, it tows trailing machines.

The hydraulic control is also standard equipment on Harvester's Farmall C model. The company is at 180 N. Michigan Ave., Chicago 1.

• Availability: uncertain.

### P. S.

Plastic tube-cutter works with hand pressure. Triple cutting wheels take tubing from  $\frac{1}{4}$  in. to  $\frac{3}{4}$  in. in size. Retractable guides insure accuracy, protect cutting edges. Manufacturer: Capewell Mfg. Co., 624 Filbert St., Philadelphia.

Lightweight lawnmower, the Scottie, works from rear differential rollers. Made by J. M. Dalglish Co., St. Paul, Minn., it looks like a carpet sweeper, will sell for \$14.95.

Solo chess simulates play against an actual opponent. Chessolitaire Co., Wayland, Mass., makes the accessory, calls it, oddly enough, Chessolitaire.

Darkroom ventilator is made in a new, small, motor-driven model by Trade-Wind Motorfans, Inc., 5725 S. Main St., Los Angeles 37.

# FINANCE

## Local Taxes Soar

State and city fathers scour old and new revenue sources as operating costs continue to climb. Tax peak still to come.

This week Capitol Hill was bumbling with tax talk as Congress weighed proposals to raise money with the least possible pain.

But Washington isn't doing all of the tax worrying. States and municipalities, too, have been digging for revenue. Their wartime prosperity is largely wiped out by soaring costs.

Everyone—businessman, employer, laborer, housewife—has a stake in the slice of money local governments take. For higher local taxes eventually mean higher prices—or lower profits. And to find more money, states and cities are doing two things: increasing the old revenue standbys, and branching out into untapped sources.

• **Sales Taxes Lead**—Among state governments, the sales tax has proved a good bet in the postwar period.

In fact, the flood of retail buying has turned that levy into almost too rich a gold mine—in an election year—for two states. Maryland and Connecticut started to tap this revenue source less than a year ago. Recently Maryland's legislators thought it expedient to cut the original rate of their sales tax. And Connecticut appears about ready to do the same (BW—Nov. 22 '47, p30).

Nonetheless, 25 other states have a sales tax—and like it. For some, it accounts for a major part of their cash. Michigan, Missouri, and West Virginia got some 70% of all their 1947 fiscal year tax revenues by that route; Illinois, Arizona, and Indiana around 50%.

• **Other State Favorites**—Other state levies in favor lately include:

• Gross receipts taxes and sales taxes levied on other than general sales. Among the most popular targets of such taxes have been alcoholic beverages, utility services, motor fuels, and tobacco products.

• Individual income taxes. (They are now in effect in 31 states.)

• Taxes on corporate income. (These have been adopted by 33 states.)

• **Big Payoff**—A quick look at the 1947 figures shows how much money these taxes piled up. In that fiscal year, over-all state tax revenues soared to a record \$6.68-billion. This was some \$750-million higher than the previous 1946 peak. Almost \$3.5-billion, or over 52% of the total, came from gross receipts



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and sales taxes. Levies on individual and corporate incomes accounted for 13%.

• **New City Levies**—Municipal governments, too, are leaning fondly toward the profitable sales tax. New York City counts on over \$100-million revenue from its 2% sales levy this year. Denver shoppers, who have already had to fork out 2% on Colorado's sales tax, now have to pay an extra 1% to swell the city's coffers. Denver looks to the new levy to bring in \$4.5-million in 1948.

More cities are turning to local income and payroll taxes to help meet their budget problems (BW—Dec. 27 '47, p. 26). Ohio municipalities have long watched with envy the success of Toledo's 1% city income tax—even though its legality will soon be challenged by the state auditor. Columbus has just passed an income tax law; this requires the payment of 1/4 of 1% on salaries, wages, and corporate profits. Cleveland, Dayton, and Springfield are weighing similar tax measures.

• **Tax on Fun**—A prime favorite among municipal postwar taxes is the amusement admission tax. In the past year alone over 30 cities have tried out this kind of assessment. And state legislation has given the amusement-tax trend a boost. Ohio recently gave up its own admissions tax to permit its use by local communities. New York, New Jersey, Pennsylvania, Maryland, and Virginia have taken steps to make this levy available to municipal governments. Elsewhere the tax is being applied under "home rule" powers.

The figures explain why admission taxes are so popular. Philadelphia expects some \$3.3-million this year from its 10% tax. Richmond, Va., hopes for some \$250,000 from its new 5% levy. Chicago counts on a 3% admissions tax, which went into effect Jan. 1, to wipe out about half the estimated \$4.5-million deficit in its 1948 budget.

• **Property Tax Up**—Despite all the new revenue sources, that old-timer, the property tax, is still the backbone of municipal tax structures. Only last spring it was providing roughly 75% of the average city's income, according to the estimates of the Municipal Finance Officers Assn.

City fathers are boosting property yields in three ways: by (1) hiking tax rates; (2) upward revaluation of properties; and (3) assessing property nearer and nearer to its full value.

In Massachusetts, for example, the average real estate tax rate, based on a survey of 351 communities, rose last year to \$39.04, a new high. That was up \$3.14 over 1946, more than \$6 higher than 1945. And the 1948 real estate rate is expected to jump well above \$40.

• **Worse to Come**—The bad news for the taxpayer is that the peak in state

and municipal operating costs still lies ahead. Budgets continue to zoom—with payrolls and material costs. The current uptrend in the money market isn't helping any; it increases borrowing costs. And these can't be sneezed at. State and municipal borrowings are expected to run around \$3.5-billion in 1948 vs. last year's \$2-billion.

## Electric Utilities

### Boost Expansion Plans

The electric power industry's \$5-billion expansion program (BW—Oct. 18 '47, p. 22) may hit \$10-billion before it winds up. That's the conclusion of an industry-wide survey released last week by Electrical World, a McGraw-Hill publication.

• **Big Increase**—When completed, the expansion is expected to increase central-station capacity by 25-million kw.—about a 50% addition to existing capacity.

The jump in estimated expenditures from \$5-billion to \$10-billion stems from several causes:

(1) The rising cost of generating equipment. Electrical World bases its \$10-billion figure on a continuation of today's price levels for several years. Should prices recede, the figure might drop to \$8-billion.

(2) The steadily mounting demand



### IN THE REALM OF COIN

A newcomer has the upstage spot at Kalamazoo's Industrial State Bank. Officials who had watched guns on guards grow out of style in bank lobbies thought the front might be ready for another change. So they hired Virne J. Williams as a lobby hostess to take over some of the jobs from the uniformed guards. She'll answer questions, help patrons finish their banking chores quickly and efficiently.

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for electricity. Percentagewise, demand is not rising now as rapidly as it has in the recent past. It is still great, however; as a result, a lot of new projects have been planned in the last three months.

(3) The need for additional nongenerating equipment. As generating capacity increases, there will be an increased need for reinforcing transmission lines and adding or enlarging substations.

• **Political Factor**—This potential expansion of generating capacity includes both private and federal plants. Some of the government installations are under construction, others merely authorized. The willingness of Congress to appropriate money will determine the actual size of the government's share in the program.

Neither Republicans nor Democrats are likely to cut power-construction funds much this year, however. Truman's budget calls for a 50% boost in power spending; the Republicans are anxious not to offend voters in public-power areas during an election year. Thus, they are not likely to whittle actively at the proposed figure.

## RECEIVER FOR GOVERNMENT?

It's news when a governmental unit goes into the hands of a receiver. But the waterworks of Farmington Township, Oakland County, Mich., will—if holders of defaulted revenue bonds get their way.

The petitioning bondowners hold \$8,000 in water supply revenue bonds, which haven't been redeemed. They matured last year.

The bonds were issued under a 1933 Michigan act. The act allows political subdivisions of the state to issue income bonds that aren't payable out of general funds. In this case, they are payable out of the income from the waterworks.

In cast of default, the act provides for a receiver, who can take steps to pay off the bonds. His job here would be to take over the waterworks, raise rates so that the bonds could be redeemed. That's what the owners want done.

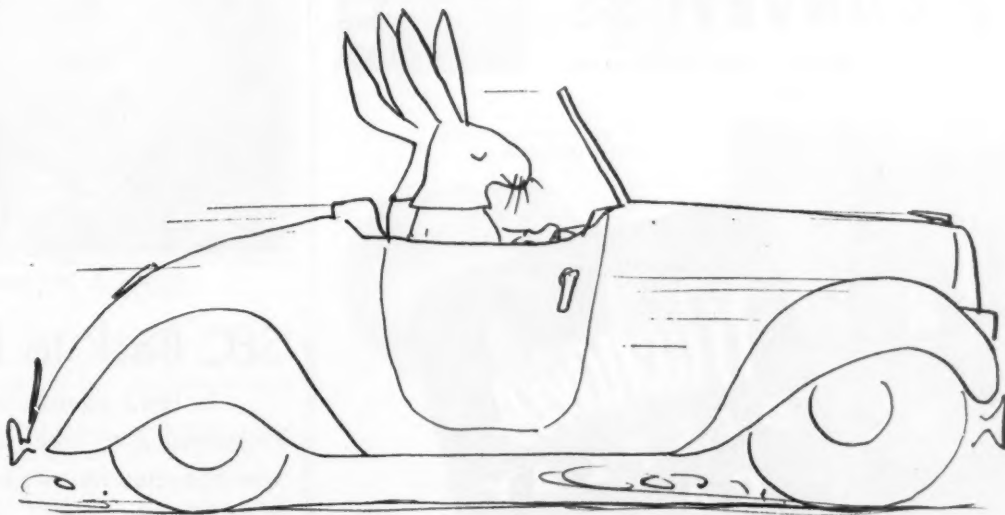
The township is fighting back with a challenge that the receivership provisions of the act aren't constitutional. This is the first time they have been under court test. Other clauses of the act have been contested; each time the state Supreme Court has ruled they were O.K.

The Farmington bondholders make the point that \$33-million in bonds have been issued under the 1933 act. If the township is upheld, these bonds would be in jeopardy.

The federal court for the Eastern District of Michigan, Southern Division, is hearing the case.



# Never Underestimate the Power of a Woman!



**Nor the Power of the Magazine Women Believe in:** the Journal — bought by more women than *any other magazine*\*. That's because the Journal interests more women more deeply. It plays a more intimate, useful role in their lives than any publication not edited specifically for women ever could play. If your product is of primary interest to women, you can tell more women, more effectively, in *Ladies' Home*

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*Michaels*  
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CASES

Your displays will get plenty of attention in Michaels Time-Tight Cases, because the cases themselves are unusually attractive. They are made of bronze or aluminum with plate glass throughout, and equipped with Michaels' exclusive innerlocking feature. Cases are dustproof and theftproof, and available in a wide variety of standard styles, sizes and lighting arrangements to meet every requirement. Michaels also manufactures special cases in any quantity for manufacturers who supply their dealers with display cases. Literature will be sent on request.

**THE MICHAELS ART BRONZE CO., 230 Scott St., Covington, Ky.**

Member of the National Memorial Bronze Manufacturers Association



Robert K. McConaughy



Richard B. McEntire

## SEC Back to D.C.

In 1942 agency moved to Philadelphia to make room for war agencies; now it's returning. It's a big job.

This whole month is moving day for the Securities & Exchange Commission. For the second time in six years, SEC is picking itself up lock, stock, and barrel; shifting its base of operations from one city to another.

• **War Casualty**—From the time SEC was set up in 1934 until early in the war its headquarters were in Washington. Then war agencies were born. So Uncle Sam gave them SEC's building and, in March, 1942, SEC moved to Philadelphia.

Now it's moving back. By Jan. 15, a little over half of its files and office equipment had arrived in Washington. About 600 of SEC's 800 Philadelphia



Edmond M. Hanrahan



Harry A. McDonald

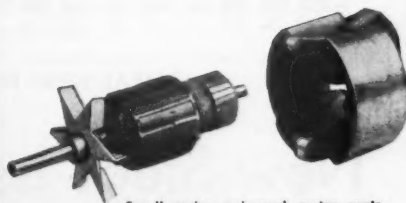
employees decided to stay with the agency. And they're having a hard time finding a place to live. The commission says most have already found "housing." But many of these are \$2,400-a-year stenographers who are stuck with hotel rooms at daily rates.

• **No More Crusading**—SEC used to be considered one of the more radical of the New Deal agencies. But by the time it moved to Philadelphia, it had lost most of its crusading zeal. Gone were such died-in-the-wool New Dealers as Leon Henderson, James M. Landis, William O. Douglas, and Jerome Frank.

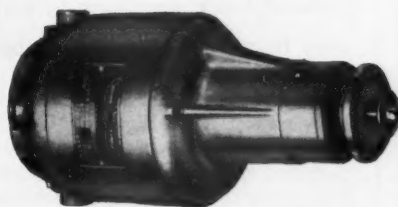
The four present commissioners are all fairly conservative businessmen or attorneys. They are: Acting Chairman Robert K. McConaughy, Democrat, appointed November, 1943; Richard B. McEntire, Democrat, appointed June, 1946; Edmond M. Hanrahan, Republican, appointed July, 1946; and Harry A. McDonald, Republican, appointed just last summer. The fifth spot has been vacant since Chairman James J. Caffrey resigned last month.

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*Finest* products

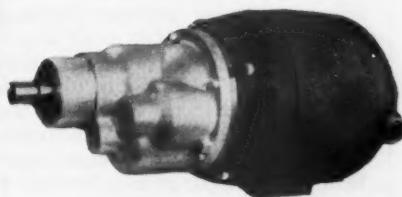
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Small series universal motor parts specially designed for food-mixers and sewing machines.



Universal motor, with shaft carried on double row ball bearings; developed for use as a high-speed grinder.



Light-weight universal motor with efficient spur gear speed reducer.

• Special application... thorough engineering... exacting manufacture are the three advantages of Lamb Electric motors that are basically important in obtaining a high standard of product performance. It is because of these exceptional advantages that Lamb Electric motors are being teamed up with more and more of America's finest products.

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**Lamb Electric**  
SPECIAL APPLICATION  
FRACTIONAL HORSEPOWER **MOTORS**



**STOP THAT THIEF  
BEFORE HE STEALS!**

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**Chek-Tabs**  
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The oil industry found this CHEK-TAB the sure-fire way to remind you to service your car. How could your business use MYSTIK Self-Stick Printed Labels? They remind... identify... instruct. Stick and stay without moistening, peel off clean. Easy, fast to handle. Write for information on this and many MYSTIK products and methods that serve industry.

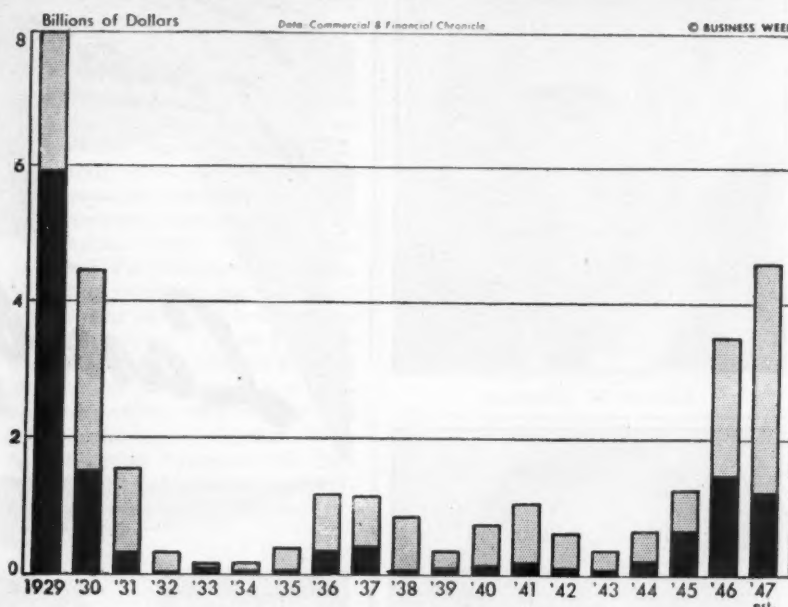
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# THE MARKETS



**TOTAL NEW FINANCING** ■ Bond Issues  
□ Stock Issues

## New Stock Issues Unpopular

Bear market forces most companies to use bond financing, plowed-back earnings to pay for expansion. Rising interest rates may hurt. Merrill Lynch defends commodity exchanges.

One of the things that worries the stock market is the fact that the stock market won't buy stock.

If that sounds like doubletalk, take a look at the chart (above). It points up a problem that has been making traders more and more uneasy in recent months—the lopsided division of new money issues between bonds on the one hand and common or preferred stocks on the other.

• **Lots of New Money**—Figures on new money issues, compiled by the Commercial & Financial Chronicle, show that in 1947 the securities markets supplied business with more money than most people think. In fact, the total volume of new issues was greater than it has been in any year since 1929. Altogether, the markets absorbed some \$4,640,000,000 in new issues.

• **But It's Mostly Bonds**—But only one-quarter of this new money came from sales of stock, either common or preferred. The other three-quarters was borrowed money—bonds and notes.

New stock issues in 1947 added up to only \$1.2-billion—about \$250-million less than 1946; bonds came to \$3.4-bil-

lion. By contrast new stock issues in 1929 came just short of the \$6-billion mark; bond issues in 1929 were only a little over \$2-billion.

The high proportion of debt to equity financing in 1947 was not what business wanted. The reason for it, of course, was the bear market in stocks. Most companies that planned new financing in 1947 found investors demanding bonds or nothing.

• **Stockholders Worry**—Now, common stockholders are beginning to get fidgety.

### Security Price Averages

	This Week	Month Ago	Year Ago	
<b>Stocks</b>				
Industrial	144.3	147.0	150.7	143.8
Railroad	42.5	43.5	44.1	45.9
Utility	68.7	68.7	67.3	79.1
<b>Bonds</b>				
Industrial	119.1	118.8	119.4	123.6
Railroad	104.7	105.0	104.8	114.3
Utility	113.6	113.5	113.5	111.3

Data: Standard & Poor's Corp.

ety about the amount of debt that is being layered in between them and the company's assets. There are not only the bonds and notes, but the bank debt as well. In some cases, carrying charges and amortization already are taking a painfully large bite out of income. And if corporate earnings should fall off sharply in the next year or so, these fixed charges might be hard to carry.

• **Bright Note**—However, the real picture isn't as bad as the new issues figures make it look. The big source of capital now, as always, is not security flotations but plowed back earnings.

On a rough estimate, retained earnings of all corporations came to something like \$12-billion in 1947. Perhaps half of this represented inventory profits and is still tied up in carrying the higher-valued inventories. All or part of it might be wiped out if prices broke suddenly. But the other \$6-billion represents an outright addition to equity and provides a pretty sizable base for the current debt expansion.

• **Vicious Circle?**—So far, the availability of plowed back earnings and reserves that were accumulated during the war has kept the sad state of the stock market from interfering greatly with the capital expansion program of business (BW—Dec. 26 '47, p. 19). But some of the experts are now getting worried about the future. The rising trend of interest rates doesn't make them any happier. They see the possibility of a vicious circle in which business can't raise new money because investors won't buy and investors won't buy because business can't raise new money in the right forms.

## Commodity Speculation

Criticism of commodity speculation has accomplished one thing if nothing else:

It has convinced people in the business that they must teach the public what commodity exchanges are and what they do.

First to act was Merrill Lynch, Pierce, Fenner & Beane. This commission brokerage house does the world's largest business in commodities just as it does in securities.

• **Opening Shot**—First shot in the Merrill Lynch barrage was a full-page advertisement appearing in newspapers in 19 cities this week. It is a page of solid type; members of the firm don't expect run-of-mine newspaper readers to plow through it. They do hope that a certain intelligent audience will read, understand, and repeat the message.

• **Defense**—That message boils down to the declaration that the speculator in commodities isn't a criminal. He isn't even a gambler. In fact, he serves a constructive economic purpose.

To get into that story, the brokerage house had to cut through the political rumpus which has (1) the Administration declaring that speculators caused high grain prices, and (2) G.O.P. hopeful, Harold Stassen, charging that government people profited by "inside" information.

Main conclusions reached are that "increased demand for food, particularly from Europe, causes high prices," and that "transactions on the commodity exchanges are in no way responsible. . . ."

• **Explanation**—With that out of the way, the brokerage house goes on to explain what commodity exchanges do (provide a free market where bids and offers determine prices) and do not do (rig prices); the difference between "cash" and "futures" transactions; how "hedging" guards a grain processor's manufacturing profit by protecting him against losses from market fluctuations; and how the manufacturer could not "hedge" these risks unless there were speculators in the market to buy futures when the miller needs to sell and to sell when he needs to buy.

• **Charge**—Merrill Lynch charges that government efforts to curb rising grain prices by boosting margin requirements have failed. The firm contends that prices went up just as fast right after the margins were raised as they had before. And it fires this blast at the Administration push for a law permitting it to regulate margins:

"The present regulation which the government exercises over the markets, beginning with the Grain Futures Act of 1922, is all to the good, for that regulation is designed to guarantee that the markets shall really be free markets—free from any suggestion that they are rigged or that prices are improperly influenced.

"But the proposed new grant of power would constitute regulation of an utterly different stripe. If the Commodity Exchange Authority were given power to regulate margins at will, it would mean that the government was going into the business of rigging the market itself. For the sole objective of such legislation would be to try to manipulate prices by manipulating margin requirements."

• **Protection**—The advertisement also decries publication of names in the hunt for government insiders. "Thousands of honest American citizens have been unfairly subjected to unwarranted public abuse," it says.

Having carried the ball on the opening play, Merrill Lynch hopes to get assistance from others in the business—competitors, exchanges, associations—and perhaps from educators and the public from here on. Full page ads, the firm explains, are too expensive for everyday use.



To Help Industry LOCATE and OPERATE in the Heart of the SOUTHEAST.

- ✓ ENGINEERING SERVICE
- ✓ BUILDING COSTS and FINANCING
- ✓ FACTORY SITES and SPACE
- ✓ LABOR—SUPPLIES and APTITUDES
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SOUTH CAROLINA

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**GLOBE  
LOADING  
LIFT**

**IMMEDIATELY  
AVAILABLE**

Cut loading time 50%—same time, money, manpower—with a Globe Loading Lift. Raises loads to truck level (up to 58 in.). Lifts up to 6,000 pounds. Saves slow hand lifting and breakage. Platform 6' x 8'. Safety toe-guard or full sheet steel skirting. Hydraulic, powered from air line or electric unit. Quickly installed, easy to operate. See your Globe dealer—or write today for Bulletin D-44.

**GLOBE HOIST COMPANY**  
Philadelphia 18, Pa. • Des Moines 6, Ia.

**GLOBE**  
LIFTS and ELEVATORS

ELIMINATE the GUESSWORK  
from your  
PULVERIZING PROBLEMS

Projection microscope used to determine particle size of ground samples in low micron or sub-micron range.

When a problem arises in connection with your pulverized material . . . when you feel your milling costs are too high . . . when finer grinding is needed . . . when more uniform particle size or more thorough dispersion will improve your finished product . . . you need to be sure of performance before you make any investment in equipment or processes.

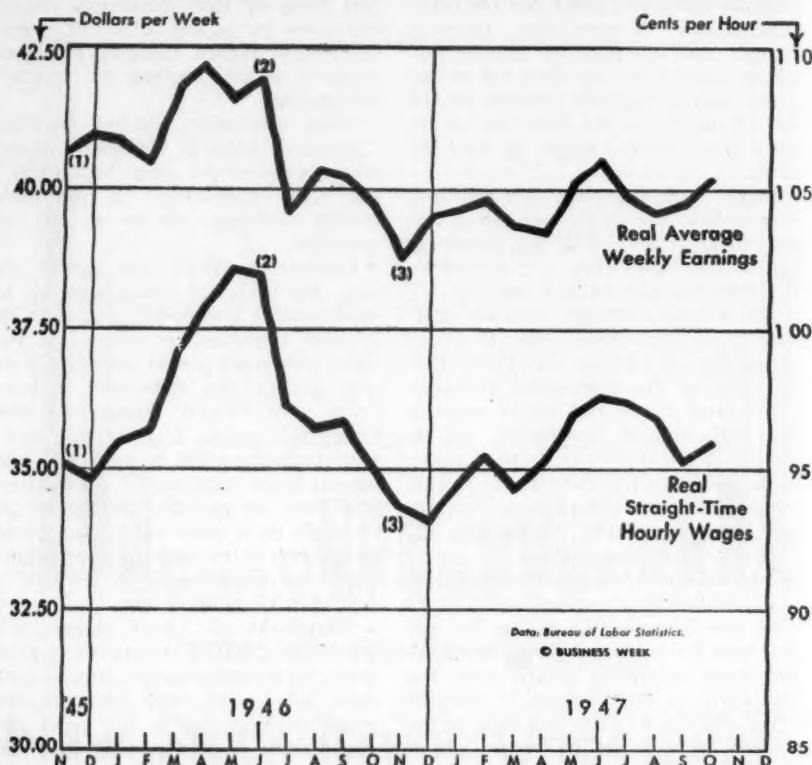
The answer lies in submitting your problem to our Research Laboratory. Here, and in our Test Grinding Dept., every phase is analyzed scientifically and practically. The resulting report can be your unfailing guide to improved pulverizing operations in your plant.

Obtain these services without cost or obligation, send today for Confidential Test Grinding Data Sheet.

**PULVERIZING MACHINERY COMPANY**  
37 Chatham Road, Summit, N. J.

**MIKRO-PULVERIZER**  
**ATONIZER**  
Also Makers of the MIKRO-COLLECTOR

## LABOR



A WEEK'S OR AN HOUR'S WORK is worth just about the same today in terms of what it will buy as in November, 1945, when wage controls were lifted (1). It is worth considerably less than it was just before price controls lapsed in the summer of 1946 (2). But a worker can buy more with his labor today than he could a year ago (3).

## Peaceful Third Pay Round?

Most business resigned to granting 5¢-to-15¢ wage boosts in second-quarter negotiations. Little strife foreseen as auto workers get set to lead parade of settlements.

Widespread wage hikes topping 10¢ an hour will go into effect in the second quarter of 1948. They will flow from a series of "pattern settlements" negotiated by large employers with C.I.O. unions.

• **Little Strife in '48**—Settlements will be relatively peaceful. This year's strike statistics will look more like 1947's than those of 1946.

That's as well-educated a guess—which remains a guess—as can be made now at the answers to the two big questions hanging over the industrial horizon.

• **Forecast Factors**—Here are the reasons for such a forecast:

Despite some public statements that might leave contrary impressions, Business Week correspondents have found that:

(1) Most employers seem resigned to rising payrolls;

(2) These employers believe—or hope—that the third postwar wage round can be closed at anywhere from 5¢ to 15¢ on the hour;

(3) Union leaders who will talk privately are willing to sign for 15¢ and up;

(4) In situations where relations are such that both sides can talk frankly to one another before formal conferences begin, there isn't too wide a gap between what can be tendered and what can be accepted.

• **Power Centers**—Significantly, in the focal areas where pattern settlements are likely to be made no preliminary talks have been held. Auto, steel, and electrical companies big enough to make a pattern—and scheduled to negotiate



soon—conduct collective bargaining at arm's length. In the past, however, the satellites of big business and big unionism have pretty well anticipated ideas held at the power centers.

The corporate office of General Motors in Detroit is such a power center. So is the international headquarters of C.I.O.'s United Auto Workers, just across the street. This week, in both buildings, men were hard at work preparing the case which will be presented to the other side. For "security" reasons, what each is resolved to hold out for to the bitter end is a closely guarded secret. There are, however, a few things which can be put on the record.

• **G.M. Starting Position**—G.M. is starting out to meet labor's demands by offering longer working hours, no rate boosts, but more take-home pay for more work. To this position, ability to pay and the cost of living have no relevance. G.M. wants to make its contribution to the fight on inflation by holding auto wage rates at current levels.

Also, G.M. holds that nonwage issues like pensions and welfare benefits are beyond the sphere of collective bargaining and thus are not negotiable.

• **U.A.W. Demands**—U.A.W., on the other hand, has already signaled that its approach will be highly flexible. Its wage-policy board at first defined its demands as follows: (1) a 25¢-an-hour wage increase; (2) a 5¢-an-hour company contribution to a fund for hospitalization, health, and medical insurance; (3) a guaranteed weekly wage; (4) vacations of three weeks for employees with five years' seniority; (5) pensions, to be specified by individual locals.

Then the G.M. Council of U.A.W. came out for a 25¢ raise, of which 15¢ was to go into wages, 10¢ into pensions. As a result of classifying pensions as, in effect, a fringe demand, the original 25¢ objective appears to be more fluid than fixed.

Meanwhile U.A.W. is planning to open negotiations with Chrysler at about the same time as the Apr. 28 re-opening with General Motors. If it finds more "give" there, U.A.W. may concentrate its pressures at that point.

• **Threat From U.E.?**—The steelworkers union, meantime, is expected to lay back, offering no real competition to U.A.W.'s bid to lead the parade. If U.A.W. is robbed of that glory, it will almost certainly be the electrical workers' union (U.E.) that will do it—as in 1947.

U.E. is a more closely held organization than the U.A.W. It hasn't revealed even a bargaining figure that it will take into the negotiations it will be carrying on simultaneously with those of the auto workers.

CROTTY-OPERATED RESTAURANT OF THE AMERICAN CAN COMPANY, CHICAGO...SERVING 2,500 EMPLOYEES DAILY...HALF OF THEM WOMEN.



## "Hot Food at Canco's Cafeteria Saves Time"

"It helps make the job go easier, too..." adds Mrs. Genevieve Seaborg. For, like her 2,500 fellow workers at the big American Can Company Plant at Englewood, Chicago, she likes the convenience of the employees' restaurant; finds its good hot food really "makes the job go easier."

As good horse-sense labor relations, American Can uses Crotty Brothers' in-plant feeding service to tempt Genevieve Seaborg and her co-workers daily with inexpensive, appetizing and nutritious meals.

American Can's restaurant serves three lunches each 24 hours. Before and after lunch on the first two shifts, quick pick-up foods are taken right to the folks on the job by mobile food wagons.

Plant Management at Englewood looks on the Crotty Brothers' restaurant operation as part of a general program aimed at attracting and holding the better type of employees. Good hot food at reasonable prices goes a long way towards establishing an atmosphere that these employees appreciate.

★ From a series of case studies of in-plant feeding made by Richardson Wood, Industrial Analyst. A copy of his report on management's opinions about employee feeding will be gladly sent free on request.

**CROTTY**  
BROTHERS INC.

OPERATING IN 15 STATES AND 39 CITIES

137 NEWBURY STREET - BOSTON 16 - MASS.

INDUSTRIAL RESTAURANT OPERATORS EXCLUSIVELY SINCE 1930

# Crown Prince of Labor's Biggest Realm

**T**HEY WERE GRIM days for Seattle. Labor trouble was verging on industrial warfare. The conservative Seattle Times spoke for an apprehensive community when it cried, "The most shameful page in Seattle's history. . . . Gone is constitutional government. Seattle is now the plaything of a dictator." The target of that twelve-year-old Times blast was a rough-and-ready union boss. His name: Dave Beck.

• **Transformation**—Last year, without a trace of irony, that same Seattle Times headed an editorial which read like a valentine, "Beck's Statesmanship Stands Out as Always." The transformation of Beck from civic pariah to patriarch seemed complete. The Times was not out of step in rendering homage to the man who is now known to a widening circle as the Northwest's leading citizen.

For one who started his business career as jockey of a Model T laundry truck, Dave Beck has traveled far. At 53 he is second in command nationally of the A.F.L. International Brotherhood of Teamsters—by its own calculations the largest labor union in the U.S.

• **Beck's Kingdom**—More important to Beck, he is president of the Western Conference of Teamsters, which contains a dues-paying membership surpassed by few international unions. Of the 1,062,000 members now claimed by the I.B.T., Beck says the Western Conference accounts for 330,000—better than 400,000 at the summer peak of the canning season.

That is not to say that the Western Conference numbers 330,000 truck drivers. The muscular men behind the wheels of highway rigs make up the hard core of Beck's membership, but only the core. The rest come from a wide range of occupations—auto salesmen, clerks, brewery, bakery, and cannery workers, warehousemen—you name it, Beck has it.

**W**ESTERN CONFERENCE strength has doubled since the war—not always by the tedious process of soliciting individual members, but by amalgamations, by jurisdictional coups, by government-supervised elections. The girls who fill the tomato cans are now teamsters whether they like it or not—and with Beck's services behind them, plus the power of his truck drivers, they're probably better off.

The paradox of this situation is that the canneries are probably better off, too. Their only alternative in California was a left-wing C.I.O. union.

• **Enigmatic**—Beck is an anomaly, in some ways an enigma. He drives a hard



Dave Beck—with picture of Dan Tobin

bargain, but backs it up with rigid observance of contract. He opposes as revolutionary such tactics as mass picketing, sitdown strikes, strikes against government.

He favors highest worker efficiency. (If Beck's business agents can increase the payload of a truck without hazard, the operator might add another truck and hire another driver.) He favors increased mechanization—if labor participates in the greater profits through higher wages and lower consumer costs.

• **Friend to Business**—Beck's interest doesn't end when the ink dries on the contract. He believes that his men can prosper only if their industry is stabilized and prosperous. As one example of how he achieves stabilization, he induced Seattle hotels to patronize only laundries that were under contract with him. This had the effect of both stepping up trade for the union laundries and of driving the surviving holdouts into the union.

**S**UCH PRACTICES have endeared Beck to an ever-widening circle of local businessmen on the Pacific Coast. To them he is the businessman's labor leader. To their competitors he is often something else, for his protective arm around a business, backed by the paralyzing weight of his control over

everything on wheels in his area, can be an effective deterrent to competition. Eastern brewers, for example, for a long time found the Cascade mountains an impenetrable wall because they employed drivers who were members of the Brewery Workers Union instead of the Teamsters. Washington brewers enjoyed a virtual monopoly because all their workers were Teamsters.

• **Government's Place**—But even the competitors can find something to like in Beck's stand on government's place in the business scene. He favors government development of natural resources, but not to the point where it chokes private industry.

Concrete demonstrations of his creed were his successful tub-thumping for the Alaska Highway and his vigorous opposition in 1944 to a state referendum that would have enabled public utility districts to form syndicates and acquire private power companies. Some Seattle businessmen insist that the referendum couldn't have been licked without his help.

**"YOU CAN DO** business with Beck." That sentence has been repeated so often that it has almost become a slogan. Inevitably the leftists have given it generous publicity with sinister inflection. In their book a labor leader who stands well with employers is selling out his followers.

Actually there is little incentive for a man in Beck's shoes to work both sides of the street. He draws a comfortable salary (\$25,000) and generous expense allowances, has been paid well from the time he went to work as an I.B.T. organizer in 1927. With income from his private investments, he probably earns more than 90% of the businessmen he faces across the conference table.

• **Loves Uncle Dan**—Beck speaks of Dan Tobin, his patron, with reverence and affection. And well he should. As secretary of Laundry & Dye House Workers Local 566 in Seattle, he was only a step removed from a laundry truck when Tobin spotted him and gave him a part-time job on the international payroll. Tobin, president of the union then and now, has watched the gap between himself and his bumptious protege grow narrower for 23 years.

Last month Tobin all but closed the gap. He appointed Beck executive vice-president to share the load of the presidential office. That gives Beck a running lead on the field when Tobin retires, if Beck wants the job—and he insists that he doesn't. Beck claims content at being a big frog in a little puddle.



CHIEF TRIAL EXAMINER Ringer's report on I.T.U. is awaited by NLRB

## Trial Examiners

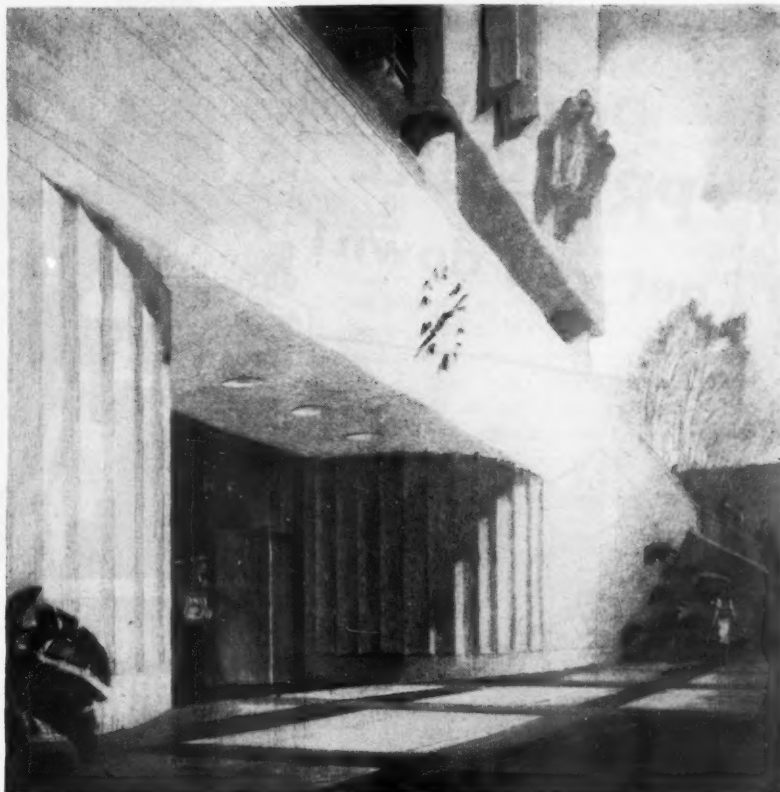
Two 1947 laws gave them new independence of NLRB; recent rulings show that they intend to keep it.

Robert Denham, general counsel of the National Labor Relations Board, could have little doubt this week about the board's 28 trial examiners: They fully intend to cling to every shred of the independence gained through two laws which went into effect last June.

• **Independence**—The Administrative Procedures Act of 1947 took trial examiners out from under the thumb of NLRB. It gave them Civil Service status and protection. The right to hire, promote, or fire trial examiners was taken away from NLRB. Further, the act provided that examiners' rulings may not be reviewed or discussed with any other official before they are issued.

The Taft-Hartley act went a step beyond that. It provided that a trial examiner must not discuss with NLRB any exceptions that might be taken to his findings or recommendations. The object was to establish the trial examiners as fully independent investigating agents in labor relations.

• **First Voice**—This is important because the trial examiners have the first voice in deciding how cases such as new unfair labor practice charges against unions are affected by the T-H law. The examiners' on-the-spot decisions are not final. In the beginning their rulings are almost certain to go to NLRB for review; many will reach the federal courts. But the examiners' interpreta-



## CONCRETE

**does so many jobs better, more beautifully, and at lower annual cost**

WHEN Hugh Ferriss pictured this entrance in architectural concrete, he may have been thinking of an apartment, hospital, school, office or industrial building. Concrete is such a versatile material, that beauty can be designed into any concrete building, large or small.

Concrete can't burn. It can't decay. Because of its low first cost and minimum maintenance, concrete gives low annual cost construction.

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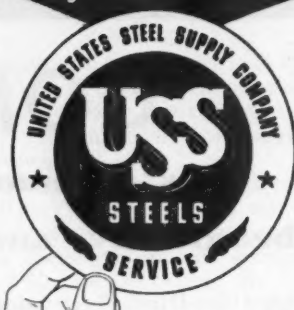
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**UNITED STATES STEEL**

tions frequently anticipate what's to come.

• **Triple Setback**—Denham's charges are heard by the examiners, and he fared badly last week from their interpretations in three cases. All involved claims of unfair labor practices filed against unions.

Denham, a trail-blazing trial examiner himself before he was named NLRB general counsel, won on just one point: A former associate agreed that A.F.L. carpenters had engaged in a secondary boycott in the Watson Specialty case. Earlier, a federal court had ruled against Denham on that point when it denied an injunction against the union.

• **Findings**—The examiners' findings:

**Perry Norvell Co.**, Huntington, W. Va.—C.I.O.'s shoe workers' union sought by strike action and picketing to get representation rights away from A.F.L. Examiner Horace A. Ruckel decided that Denham's complaint against the C.I.O. wouldn't hold water; members of the A.F.L. boot and shoe unions weren't being coerced, the former Springfield (Ill.) attorney decided.

**Watson Specialty Stores**—Denham issued two complaints against the A.F.L. carpenters union. One charged coercion of nonunion carpenters employed by Watson to lay floor covering. The other charged that refusal to work on any job using Watson nonunion workers was a secondary boycott. The examiner who ruled against Denham on the first point, with him on the second, was J. J. Fitzpatrick, also an attorney.

**Sunset Line & Twine Co.**, of Petaluma, Calif.—Denham issued a complaint against Harry Bridges' C.I.O. longshoremen and warehousemen. The charge was that mass-picketing tactics were being used in a strike, and that the picketing was "coercion" of workers (BW—Jan. 10 '48, p. 80). The trial examiner who disagreed was Charles W. Whittemore.

• **Big Test**—After these decisions, Denham could only wonder how he would fare in the biggest T-H test yet—the ever-widening dispute with the International Typographical Union (A.F.L.). Six cases charging either refusal to bargain or restraint and coercion have been brought against I.T.U., at the request of newspaper publishers. Also, Denham has sought an injunction from the federal district court at Indianapolis.

Denham should get an answer soon on one of the I.T.U. cases. It will come from Chief Trial Examiner William R. Ringer (picture, page 75), who heard charges against the Baltimore I.T.U. local. (BW—Oct. 25 '47, p. 102). These were that the printers' union refused to bargain in good faith with the Baltimore Graphic Arts League.

• **Plans Appeal**—Denham quickly announced that he will appeal the three

## U.E. FACES NEW TEST

Labor problems are continuing to come to a head for Westinghouse Electric Corp. and the C.I.O. United Electric, Radio & Machine Workers in Cleveland. A vote count last week showed that pattern makers in the plant prefer to be represented by an A.F.L. craft union, rebuffing U.E. (BW-Jan.17'48,p84). This week U.E. faces a new test. It's in a pre-Taft-Hartley case involving the discharge of two Westinghouse employees for aiding an A.F.L. organizing drive.

Two members of the C.I.O. union worked with A.F.L.'s International Brotherhood of Electrical Workers during the four-month C.I.O. strike in 1946. They sought to sign up discontented strikers for A.F.L. After the walkout ended, the C.I.O. union expelled the two for dual-unionism. It also demanded that Westinghouse comply with a newly signed maintenance - of - membership contract clause by firing the two "nonmembers."

Westinghouse resisted for a year, then agreed to lay the men off. I.B.E.W. took the case to NLRB, charging Westinghouse with discriminatory firing. It argued that the two men helped I.B.E.W. at a time when there was no C.I.O. contract in force at the Westinghouse plant. Hence, A.F.L. argued, U.E. members were free to aid another union without any jeopardy from union-security pacts not in force at the time.

The NLRB regional director agreed, and issued the formal complaint against Westinghouse. Hearings will start Feb. 2. Regardless of how they wind up, it's probable that the case will go to NLRB in Washington for final decision.

setbacks to the NLRB. He quipped: "Now I know how employers felt under the Wagner act." His reaction indicated that all might not be well in the relations between the general counsel's office and the trial examiners.

Meanwhile, the three decisions lost by Denham focused new attention on the NLRB trial examiner as an independent agent. Currently, there are 28. Most are middle-aged (average 47 years)

the new

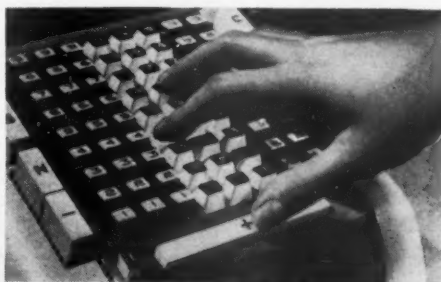
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BW 1-24



# R.C. Allen Business Machines

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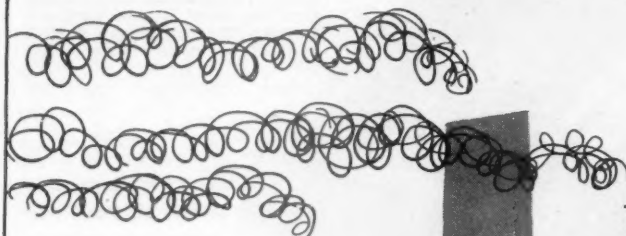
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### THIS YEAR . . .

633 companies whose products and services are sold to business and industry are making their advertising dollars more productive by investing them in Business Week.

with considerable NLRB experience (average seven years). Six, including Ringer, got their baptism at least 10 years ago, when the Wagner act was beginning to take hold. Only four aren't attorneys; it's now considered unlikely that nonattorneys will be hired in the future.

• **Chief Examiner**—Ringer, 49, chief trial examiner since last January, is Denham's old boss. He cut his teeth as a trial examiner on the Ford and Chrysler recognition disputes—and subpoenaed Henry Ford in the first one when the company at the start refused to disclose information. He also handled the Hollywood movie cases, and the first Thompson Products dispute. There are two associate chief trial examiners—George Bokar, 43, and William E. Spencer, 46.

In an agency once criticized as infested with Communist sympathizers, Ringer considers himself a "conservative in a liberal sense." Some of his associates are due for a congressional checkup on the extent of their leftist sympathies. Currently, examiners hold only temporary appointments under the Administrative Procedures Act; permanent appointments will come early this year. Before examiners get full-fledged Civil Service status, Congress wants to be sure that the old leftist charges can't be brought up again.

• **Leftist Hearings**—Among those slated to be questioned are Ruckel, Whittemore, and Arthur Leff, who is hearing the I.T.U. case in Chicago.

Ruckel, who ruled against Denham in the Perry Norvell case, also was a former associate of the NLRB general counsel. Ruckel handled labor law and civil liberties cases in Springfield, Ill., before joining NLRB in 1938. He was trial examiner in the Republic Steel case in Buffalo in 1940, in the General Motors case in which C.I.O.'s Auto Workers Union won recognition, and in the big unfair labor practices case against Ford.

• **Safe From Pressure**—After permanent appointments come through, examiners are going to be safe—theoretically, at least—from pressure or reprisals. During the 12 years of the Wagner act, examiners' proposed findings were gone over, not only by superiors, but also by review attorneys from the NLRB general counsel's office. Since NLRB did the hiring, promoting, and firing, there was a strong incentive to go along with board policy.

Even so, there is a healthy record of fairness on the part of trial examiners. Of more than 670 NLRB cases which resulted in court tests, only four ended in reversals because of bias or prejudice on the part of an examiner. One was a case handled by Denham. Others were handled by examiners no longer on the staff. The most recent one was in 1942.





**RADIO SPOKESMAN** Justin Miller urges Congress to curb Petrillo powers

## STILL FIGHTING PETRILLO

The campaign to curb James C. Petrillo's tight control of union musicians turned from courts to Capitol Hill this week. Radio executives, led by Justin Miller, president of the National Assn. of Broadcasters, testified before the House Education & Labor Committee. Their complaint: The American Federation of Musicians (A.F.L.), led by Petrillo, is a labor monopoly; it jeopardizes development of radio and television industries.

Last week, a Chicago federal district court acquitted Petrillo of criminal charges arising from A.F.M. job demands. Under the Lea act, passed in 1946 and aimed directly at Petrillo, it's illegal to compel, or attempt to compel, employment of more musicians than are needed. The government alleged Petrillo violated the law with demands made on a Chicago radio station. But the court ruled that the government hadn't proved that the additional musicians, demanded by A.F.M., wouldn't "perform actual services."

Meanwhile, at midweek network and union negotiators were talking contract terms. They had a Jan. 31 deadline—network contracts with musicians end then. Prospects, however, were favorable for some kind of deal which would keep music on the air, take some heat off Petrillo and A.F.M.

## RAILMEN THREATEN STRIKE

A strike of 125,000 operating employees on the nation's railroads is scheduled for Feb. 1. But it's unlikely that any showdown will come until at least 60 days after that date.

Three brotherhoods—the locomotive

## What is the long-term story on insulation costs?

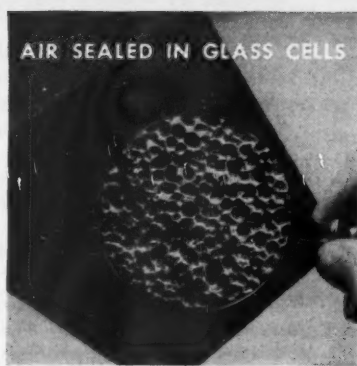
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## The Colonel with 200 Belgian women on his conscience

One night in Belgium during a critical operation in the Battle of the Bulge, it snowed. Next day Colonel H appealed to the housewives of the nearby village of Hemroulle for 500 sheets to camouflage his men. The housewives went into action. In an hour Colonel H had his sheets. His outfit repulsed the enemy with only three minor casualties!

When Colonel H returned home to Winchester, Massachusetts, the memory of those good women—who never got their sheets back—gnawed at his conscience. Recently he asked THE BOSTON GLOBE what he could do about it.

**The Answer:** A feature

story by Colonel H in THE SUNDAY GLOBE.

**Result #1:** GLOBE readers all over New England responded by sending sheets, money, food.

**Result #2:** "Operation Winchester", when Winchester people in one day donated over 600 sheets, plus money to buy more.

**Result #3:** Colonel H is returning to Belgium so he can present the sheets personally to the housewives of Hemroulle.

**Moral:** Whether you want to save your conscience or sell your product, it pays to use Boston's Best-Read newspaper—THE BOSTON GLOBE.

## The Boston Globe

MORNING · EVENING · SUNDAY

National Representatives: J. B. Woodward, Inc., New York, San Francisco, Los Angeles  
Osborn, Seelars, Meeker & Co., Chicago, Detroit

engineers, enginemen and firemen, and switchmen—warned last week that they are going ahead with strike plans. National Mediation Board efforts to settle their dispute with carriers were dropped after two months of talks.

Operating brotherhoods are asking for a 30% pay hike and work-rule changes. They have refused terms on which non-operating employees signed contracts last fall (BW—Dec. 27 '47, p65). Carriers have refused to go beyond the concessions made to the nonoperating group; they have indicated a willingness to arbitrate, but the unions won't agree.

When the NMB decided to step out, its chairman, Frank P. Douglass, announced that he was notifying the President that an emergency exists. Under the Railway Labor Act, the next step is appointment of a Presidential fact-finding board. It will have 30 days to hold hearings and report back to the White House. The law provides for another 30-day strike delay after that—as a "cooling off" period. Despite growing railway labor tenseness, the brotherhoods aren't expected to strike. They'll meet the requirements of the law, then see where they stand.

## SHOWDOWN FOR T-H ACT?

When overseas cable companies invoked the Taft-Hartley law this week in a strike of communications workers, all management took notice. It was the first time the T-H law had been put to a test in a major strike; a showdown appeared inevitable.

C.I.O.'s American Communications Assn. struck New York nerve centers of cable companies three weeks ago. This week, two companies—Commercial Cables and Mackay Radio—asked for a National Labor Relations Board election to see if A.C.A. actually represents a majority of their employees.

It looked like a preliminary to breaking off collective-bargaining relations with the leftist A.C.A. The union's officers, however, took it as a maneuver to break the strike. They haven't filed non-Communist affidavits required to qualify for use of NLRB facilities. Hence, A.C.A. can't have its name on a representation ballot. As in the Remington-Rand case (BW—Dec. 13 '47, p19), that can free the cable companies from legal obligation to bargain with the union.

Obviously, A.C.A. won't take this without a fight. How it reacts—and with what success—may very well write labor relations headlines.

The Pictures—Press Assn.—23, 24, 79; Harris & Ewing—24, 26, 28; Fabian Bachrach—26; Reno Photo—75.

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

JANUARY 24, 1948



Wartime export controls are on the way back.

Starting Mar. 1, U. S. exporters will have to get licenses for all shipments to Europe (including the U.S.S.R.).

Soon after that you can expect the system to be extended to the rest of the world.

The new program is cut from the same cloth as the rule that makes price a major criterion for export of scarce goods. (BW—Jan. 10'48, p95).

It will be handled by the Office of International Trade (Commerce Dept.).

OIT will have the power to decide what can go where in Europe, and how much.

Goods bought under the European Recovery Program will be screened automatically. Object of the new controls is to see that the 16 nations don't waste their own funds on "luxuries."

OIT officials are still hazy on operating details. But the system will work something like this:

An American exporter asks for a license to ship ten 2½-ton trucks to Amsterdam. If they are for department store delivery work, OIT probably won't grant a license. If they are needed for the city's sanitation department, they'll get an O.K.

There's no talk yet of using the controls to wage economic war.

But the power is there to cut off shipments of, say, industrial machinery to Russia or its satellites.

Extension of export controls to other areas is almost a foregone conclusion.

The controls just won't work if they are limited to Europe. There is nothing to stop Mexico or Argentina from buying goods in the U. S. and re-shipping them to Belgium or Italy.

Here's another reason: Several Latin American countries have actually asked Washington to slap export controls on them.

Their own import and exchange restrictions haven't checked the drain on their dollar reserves. U. S. export controls would help a lot.

The enlarged licensing program faces a stiff fight from export groups such as the National Foreign Trade Council.

They can see nothing but headaches ahead—and a slowdown, instead of a speed-up, in getting essential goods to Europe.

This is their reasoning: Many European orders for industrial equipment now on the books of U. S. firms can't possibly be shipped by Mar. 1. Maybe they will reach the dockside Mar. 5. If so, they will need a license; and that may take weeks.

Extension of the control date to June 1 would help prevent a logjam on shipments to Europe. But it wouldn't make U. S. exporters happy about the prospect ahead.

The U. S. and Britain are consolidating their strategic position in the Mediterranean and the Middle East.

Reopening of the U. S. wartime air base at Mellaha (in Libya) is only the first step.

London and Washington are now talking sub rosa about building jointly



# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**JANUARY 24, 1948**

another air base in Libya—at Bengasi, some 500 miles east of Mellaha.

•  
Last week Britain signed a 20-year defense treaty with Iraq.

This pact gives the British use of Iraq's two major air fields. (The U. S. continues to use its big transport base at Dhahran in Saudi Arabia.)

London aims to sign similar pacts with other Arab countries, including Trans-Jordan, Saudi Arabia, and Egypt.

Cyprus is being turned into the key British naval base in the eastern Mediterranean.

•  
As part of a new lifeline to the Indian Ocean, London is extending military installations in Kenya. This will be the East African anchor.

Blueprints are ready for work on the western anchor in the Gold Coast and Nigeria.

Completion of these plans will give Washington and London a chain of outposts extending from Gibraltar to the Persian Gulf—with strength in depth from Greece down to central Africa.

•  
You can expect the following results from a new French "export" franc:

(1) World market prices for French goods will be cut in half, dropping back to 1946 levels;

(2) The increased cost of imports (in francs) will boost living costs and increase the threat of explosive strikes by spring;

(3) Tourists will find cheap holidays in France again.

•  
But you shouldn't expect:

(1) Much increase in the volume of French exports. Heavy domestic demand will prevent any major boost in shipments.

(2) Stabilization of the franc. That will depend on a number of factors: tightening of bank credits; a balanced budget; careful use of import licenses; continued U. S. aid; and success in getting gold and foreign assets out of hiding at home and abroad.

•  
Branches of major U. S. corporations are being hard hit by Argentina's dollar-saving import ban.

Ford and International Harvester have just closed down their Argentine plants for lack of component parts. General Motors has only enough parts left for two months' operation.

Imports of automobiles and parts were halted in August.

So the three U. S. companies made desperate efforts to build up Argentine sub-contractors.

But their plans fell through when local firms couldn't get permits to import steel.

•  
Look for the political temperature to shoot up in Czechoslovakia over the next three months.

Elections come in May—and the Communists have been losing popular support.

Washington figures that an unrigged election today would give the Reds only 30% of the vote (they got 38% in the 1946 election).

If the Communists don't soon gain ground they may try a coup. Moscow can't afford to let this highly industrialized country slip out of its hands.

# BUSINESS ABROAD



**LATEST DOLLAR LURE** approved by the British Board of Trade is a spring-loaded hobby horse that actually walks when its rider shifts his weight. The maker, D. Sebel & Co., Ltd., gets special steel allotments; hopes to excite large U. S. demand

## Britain Raises Export Goals

**Cripps hopes sales abroad will balance imports in 1949; wants shipments to Western Hemisphere boosted 50% this year. But materials, costs, delivery dates remain big problems.**

LONDON—Britain's export drive is gathering momentum. Despite last winter's fuel crisis, 1947 exports reached \$4.6-billion. That's about \$1-billion—or almost 30%—more than in 1946.

This week it looked as if the 1948 record will be much better. There is enough coal this winter to maintain output in all basic industries—with enough left over to ship 200,000 tons a week to the Continent. Steel production is running at record levels.

• **Goals**—On the strength of this pick-up in coal and steel, economic czar Sir Stafford Cripps is setting his 1948 export targets high. He wants to:

(1) Boost exports to an annual rate of almost \$7-billion by the end of the year. (If this target is reached, exports during 1949 would about balance imports.)

(2) Lift sales to the United States and other Western Hemisphere countries by 50% (from 1947's \$760-million to about \$1.1-billion).

Cripps has just about completed his plans for the super selling job that lies ahead. Two of the major moves:

**Bilateral trade deals** are being pushed. The aims: to get British goods past foreign import bans, and to increase

the flow of essential imports into Britain.

Agreements have already been signed with Sweden, Belgium, Canada, Australia, Russia. Other bilateral pacts are in the works; the goal is 25 or 30 of them. Deals will be made on a straight barter basis if necessary. (London says this policy is a temporary expedient and doesn't nullify British commitments to the International Trade Organization.)

**Currency restrictions** have been relaxed for British businessmen who go abroad to drum up new orders. Vacation travel outside the sterling area is still forbidden. But the export salesman can get dollars (or any other hard currency) merely by applying to his local bank. In December alone, about 600 Britons took advantage of this ease-up to make business trips to the U. S.

The Board of Trade is also encouraging British firms to advertise their products in areas where they hope to boost sales; to cater more to local preferences in packaging and labeling; to provide more extensive follow-up services.

• **Priorities**—British industry, of course, is still plagued with materials shortages. And there are plenty of gripes about the priority system of allocations. Under

this system, production is divided into two parts:

(1) End-products, such as machine tools or vehicles, which go straight into use without further processing. A government-approved program for each manufacturer specifies how much of his output is to be sent abroad, how much is to be sold at home. As long as the manufacturer sticks to these quotas, he keeps getting materials for both parts of the program.

(2) Components and service items, such as ball bearings and electric motors, which go into a number of end-products both for export and for essential home use. The government fixes allocations for this type of production by deciding what's needed to keep the end-product programs moving.

• **Conversion Factor**—Industries that promise to be the largest dollar-earners are given high priorities for all the materials they need to fill dollar orders. They get the very top priority if they have a high "conversion factor" in the use of steel. The toy industry, for instance, has chalked up a conversion factor of 500%; in other words, every dollar's worth of sheet steel going into toys is worth five dollars when the toys are marketed.

Manufacturers in this category have pretty smooth sailing. D. Sebel & Company, Ltd., is a good example. Sebel is a comparative newcomer to the toy field. But today it operates one of the largest toy factories in the British Isles.

• **Case History**—Sebel's first "Mobo Broncoes" (picture above) were shown



# 1. Better Production 2. Better Profits 3. Better Living

Valdosta, capital of the Naval stores world, offers these three great benefits to manufacturers of wood chemicals, paints and varnishes, soaps, light metal, soft and hardwood, food and tobacco products and sewing industries:

**1. Better production**—because vast supplies of raw materials are close at hand; because male and female labor is ample, cooperative, easily taught, and largely native born; because the sunny climate yields more productive days and man-hours per year.

**2. Better profits**—because plant building, and heating maintenance costs are lower; because freight rates have been adjusted

downward; because of nearness and easy accessibility to eastern, mid-western, and increasingly important southern markets; and adequate rail, truck, and air transportation.

**3. Better living**—because of the delightful climate which permits year-round outdoor activities; because this is a region famed for gracious living; because of superb hunting and fishing; because business pressures are easier.

Investigate Valdosta's marked advantages as the site for your new plant or branch plant. Reliable, factual information will be supplied confidentially on request outlining your needs. Write today for your free copy of "A Factual Study of Valdosta and Lowndes County, Georgia."

B. I. Smith, Secretary

**Believers in Valdosta**

Chamber of Commerce Bldg., Valdosta, Georgia

last spring at the British Industries Fair. Then R. H. Macy placed the first U. S. sample order for 300 of these galloping metal horses. In November the company set up shop at Erith, Kent, in a war factory. Starting from scratch, it got all the materials it wanted through the Toy Division of the Board of Trade. It installed a large variety of machinery, introduced mass-production methods.

Today Mobo Broncoes gallop off the assembly line at the rate of one a minute. And this month Harry Sebel, inventor of the running horse and managing director of the company, is in the U. S. to do two things: (1) set up an American branch of his firm under the name of Sebel Products, Inc.; and (2) launch a nationwide sales campaign through leading American retail stores.

• **Uncertainties**—By contrast, firms in other lines frequently have a tough time getting the supplies they need. Squawks come especially from subcontractors and manufacturers of components that form part of other people's exports. Frequently they are not in a position to give cut-and-dried assurance of export activity far enough in advance to get the raw materials they need. In short, the system sometimes gets strangled in red tape.

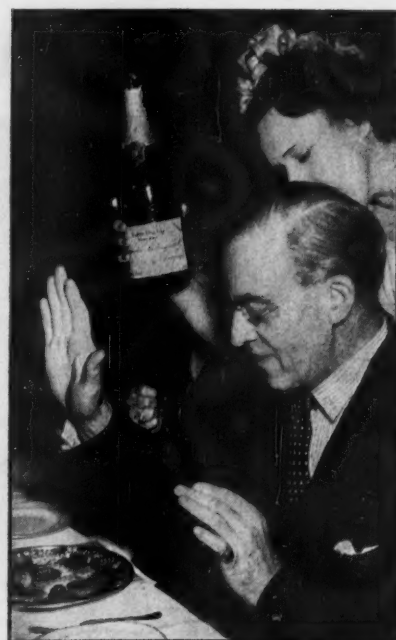
Even firms engaged directly in export trade complain of controls which increase their production costs, and thus make it hard for them to meet the price competition of foreign manufacturers. They'd like to see allocations made in larger quantities and farther in advance.

• **Destination Problem**—One of Cripps' biggest headaches is how to direct a larger share of Britain's products to the U. S. and other hard-currency countries. Britain has no export controls. (They have been junked since the end of the war except on very scarce commodities.)

Nor does Cripps want to revive them. He prefers to get the same results by manipulating allocations. That is, if you don't export where Cripps wants you to, he can cut off your steel, etc. Where the headache comes in is (1) catching those who don't comply, and (2) keeping complaints about government toughness from piling up too high.

• **Competition**—What's beginning to worry the British exporter most is the progressive fadeout of the sellers' market abroad—which all manufacturers have enjoyed ever since the war. The backlog of unfilled contracts on British order books in many lines has just about disappeared. From now on it's a buyers' market, and British exporters must face stiff foreign competition on three grounds—price, delivery dates, and quality.

**Price**—Bulk buying of expensive raw materials, recent wage increases, high transportation costs, obsolescent machin-



SAYING NO to luxuries is a primary public duty of "austerity administrator" Sir Stafford Cripps. And most crisis-hardened Britons are following the Chancellor of the Exchequer's example. They've no other choice than to back his recovery program.

ery, time-wasting management methods—all are beginning to work against the British exporter in foreign markets. The export drive itself, coupled with the new import cuts, aggravates Britain's inflation problem; it is likely to raise production costs still higher.

Metal boilers from Italy and home appliances from Switzerland are now underselling the British product in several European countries. A variety of U. S. goods is getting the edge on British wares through effective price competition. They include: automatic electrical controls in Belgium; soluble starches in India; piano wires in Switzerland; tools and hospital equipment in South America; silk and rayon ladies' underwear in South Africa.

**Delivery Dates**—Shortages of materials and parts, labor scarcity, and transportation bottlenecks have put the squeeze on British industry. To hold foreign orders, the government recently asked British manufacturers to set back deliveries for home sales in order to speed up deliveries for export.

**Quality**—Britain's chief hope for holding its foreign markets is to turn out better goods for which overseas importers are willing to pay higher prices. But now practically all of Britain's industrial output in many lines is for export. Manufacturers of such items fear that lack of a home-market testing ground may prevent them from detecting flaws in their products before shipping them abroad.





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## MELBOURNE LETTER

**M**ELBOURNE—Canberra is using a new strategy in its fight to beat the dollar crisis. So far, Australia has been playing a defensive game by cutting back its imports. Now it will go on the offensive with an intensive drive to gain dollar credits. Its weapon: the export of scarce commodities to the U. S., Canada, and the Philippines.

The government is pinning its main dollar hopes on woolen and worsted cloth, knitted goods, steel, and steel products. It is also pushing the export of food products not urgently needed in England, such as wines, frozen seafoods, and canned fruit.

This does not mean that Australia has textiles or steel to spare. To the contrary, these two items are critically short.

**T**EXTILE PRODUCTION is so low that each male Australian gets a new suit and coat only once in four years, an extra pair of trousers every two years. So last year Australia could only squeeze 80,000 suit lengths of worsted material out of domestic channels for export. Men's socks are a different matter; exports could be increased several fold.

Steel export will bring some real stinting. Steel capacity has been raised only 10,000 tons in seven years; steel scrap is at a record low. Broken Hill Proprietary Co. has an order backlog of 1.5-million tons of rolled steel—the combine's yearly output—from domestic users. The metal is so short that a plan to make assembly-line steel houses at the former Beaufort bomber plant has been shelved.

Australia will therefore have to make new sacrifices for its new export drive. The government argues that the stakes are worth it. With dollar credit to buy vital capital equipment, Australia will be able to build up a manufacturing industry. That, in turn, will be a hedge against a world depression in food prices—for a country that is a big food producer.

**T**HE LATEST EXPORT quotas set the new pace. For the next six months Australia will export 25% of its woolen cloth, 20% of its blankets, 5% of its woolen neckties, 16% of its woolen spun yarn

and woolen underwear, 25% of its hand-knitting yarn, 20% of its rugs. It will also export 20% of its automobile storage batteries (about 100,000).

At the end of six months the government will see whether the dollars earned justify draining the domestic market.

Air transport will do its part in the drive. London Aero Motor Services plans to fly some \$3-million worth of frozen meat from Australia to the Philippines each year. Despite the high costs of air-freight, this meat will compete with (and possibly undersell) Argentine beef.

**A**USTRALIA'S dollar crisis is helping to spur the production of paper at home. If things go as planned, the continent will be able to get along within a few years on the newsprint, writing paper, and wrapping paper that it makes itself.

This country is now importing 130,000 tons of newsprint a year, only about half its prewar average. This means that the newspapers here are running at less than half their prewar size. Import quotas have also cut deeply into the supply of writing papers.

Yet Australia's paper production has soared in the past nine years. Employment jumped from 2,000 to 5,000, pulp output from 6,200 to 85,000 tons a year. Mills are now turning out 100,000 tons of newsprint and paper, 70,000 tons of paper board annually.

New sawmills, pulp plants, and paper machines are now on the way. The paper industry has had a break: Its contracts for new equipment were signed before the import quotas cut off American machinery.

Australian Newsprint Mills plans a new plant that will boost the nation's pulp production from 30,000 to 80,000 tons a year. Full capacity will be reached in 1950.

Associated Pulp & Paper Mills hopes to have a third paper machine operating in Tasmania early this year, a fourth by 1949.

Thomas Owen & Co., a British firm, is setting up an Australian subsidiary capitalized at \$6.6-million. The plant will arrive from Britain this year.

# Controls Return

Canada slaps ceilings back on meat, butter, fertilizer to halt rising prices. Return to full wartime controls unlikely.

OTTAWA—The Canadian government is anxiously awaiting the repercussions—economical and political—from its latest attempt to halt rising food prices.

• **Ceilings Again**—Last week, Finance Minister Douglas Abbott announced the re-establishment of price controls on butter, meat, and some fertilizers. He also threatened prosecution of profiteers; a broad clause in the price regulations makes it an offense to sell at prices higher than are "just and reasonable."

The government was loath to take the step; it runs directly counter to the two-year-old policy of gradually eliminating controls. The move was made only when popular clamor over rising meat and butter prices reached a threatening pitch.

• **Why Prices Rose**—The upsurge in meat prices followed the renegotiation of Canada's bulk food contracts with Britain. In the new contracts, covering beef and pork, the British agreed to a substantial price boost. Domestic prices for beef and pork kept pace with the increase in the contract prices. Lamb and veal, though not in the contract, tagged along on the upswing.

The butter price rise was another matter; it came from increased consumption coupled with a shortage during the low-production winter months. Wholesale prices in Montreal and Toronto climbed to about 71¢ a lb. This meant retail prices on butter of 75¢ a lb. or better.

• **New Maximums**—The new orders rolled wholesale butter prices back to 67¢ a lb. in Montreal and Toronto (the ceiling varies a few cents according to region). The retail ceiling was 46¢ a lb. during the war.

Meat ceilings won't be out for about another week. They must be figured for the whole range of cuts and grades, on the basis of the new British contract prices. For most meats the ceilings will be pegged at a point midway between the December and mid-January price levels.

• **Extension**—The government will ask Parliament to continue its price control authority beyond the present Mar. 31 expiration date. The recent moves do not mean, however, that Canada is going back to wartime controls. Finance Minister Abbott has made this promise: "The government does not propose to return to any general system of over-all price ceilings."

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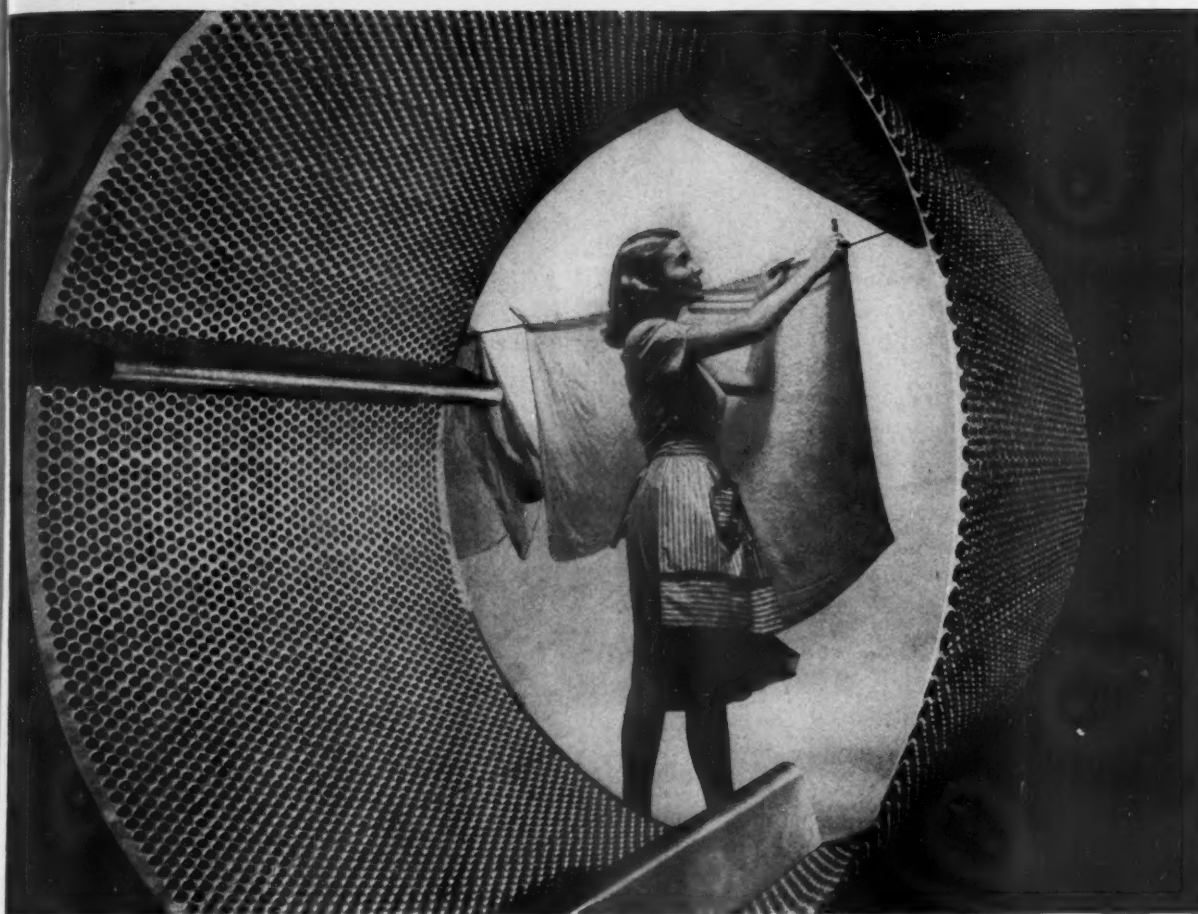
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# THE TREND

## WILL THE MARSHALL PLAN WORK?—V

**N**O, THE MARSHALL PLAN will not work. The three preceding articles in this series showed that Europe does not have enough manpower, enough capital, or access to enough markets to make the Marshall Plan work. By "work" we meant what the framers of the plan meant: (1) enable the Marshall Plan countries to produce enough exports by 1952 to pay for imports; and, in the process, (2) restore their standard of living to about the prewar level.

These demonstrations led quite a few of our readers to ask such questions as: "Are you for the Marshall Plan or against it?" and "If you're for the plan, why are you sniping at it?"

So before going any further we'll answer those questions unequivocally. We are completely for the Marshall program. We believe that its success is essential to the salvation of the sort of free country we have known.

We do not believe, however, that it is any service to the Marshall program or the nation to let it be set up on an inadequate basis. If it is so set up, then it is destined to become another in a long succession of bootless international relief programs. Such a fate is a long way from the European recovery program it aims to be. And, as things are shaping up at present, that is just what the program promises to be.

**W**ELL, WHAT'S TO BE DONE about it? Three possibilities come immediately to mind:

- (1) Increase the amount of aid the United States will give.
- (2) Extend the time limit set to reach the goal.
- (3) Broaden the scope of the plan.

To make the plan work, modifications in all three directions will probably be in order.

About amounts of aid: There is little reason to believe that our country can furnish much more than the \$6.8-billion proposed by Secretary Marshall for the first 15 months. To do so would put dangerous pressure on our greatly extended economy. Our Report to Executives on the Marshall Plan (BW—Nov. 22'47, p67) made that clear and showed where the danger spots are.

Then what to do? The first thing is to abandon the idea, built into most Marshall Plan designs, that our help can automatically be scaled down until 1952 and then stopped. It probably can for some countries such as Britain. But we must be prepared to maintain or even increase aid allotments for others.

At their first meeting in Paris the 16 Marshall Plan countries estimated that they would need \$29-billion of aid to try to meet the 1952 deadline. That was later cut down to \$22-billion. Of this our Treasury was recently asked to supply \$17-billion. The rest would come from the World Bank and other sources. Since then any grand

total has been formally set aside in favor of a year-to-year basis of appropriations.

**T**HE STATE DEPT. now supports by implication our belief that the aid contemplated is not enough. Its new "Outline of the European Recovery Program" estimates that Europe's trade deficit will drop from about \$7-billion in the first year to about half that in the fourth. Surely a deficit of some \$3.5-billion in the fourth year will not simply disappear the next year. Indeed, as the State Dept. now says, Europe cannot achieve "the rate of capital development" needed to reach the 1952 goals for production and exports.

Hence we must be prepared, as the State Dept. has implicitly recognized, to push beyond 1952 the date when the Marshall Plan is to have reached its recovery objective in Europe. However—and this is of crucial importance—we must not abandon the plan's objective: to secure European recovery by some definite date. To do so would be the surest way to change the whole enterprise into another Operation Rathole. If we slide into being dogooders on an open-end schedule, we head down a wide open road to mutual disaster. And it is a danger greatly accentuated by the shift to a year-to-year basis of operations both from making plans and appropriations for the European Recovery Program.

**S**O FAR the Marshall Plan has been conceived and discussed almost exclusively as an affair between the United States and Western Europe, with the U.S.S.R. in the role of ardent trouble maker. But if the plan is to work, if Europe is to get the markets needed to pay for its imports at any time in the calculable future, Asia must play a major role as a market. Without Asia, there simply are not the markets to make the plan work.

Geographical horizons must be broadened if the Marshall Plan is to have a chance to succeed. It must perforce be not merely a European recovery program; it must be an Oriental recovery program. It must even be a world recovery program—for as much of the world as lies within our potential trade orbit.

We make no pretense of knowing precisely how much the dimensions of the Marshall Plan must be increased—in aid, in time, in scope—if it is to have a fair chance to work. That is partly because each one of these dimensions, taken alone, has flexibility.

However, we do say without fear of successful contradiction that, as at present set up, the Marshall Plan will not work except as another one of these abortive gestures of good but soft-headed intentions. To leave it in that posture would be bad enough. But to limit rather than to broaden its present vision could be the prelude to a new pack of world troubles.



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